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# HOUSING ELEMENT

City of Capitola  
Summer, 1992

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Mick Routh		Bob Bucher

***Planning Commission:***

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# Journal of the American Medical Association

Volume 197, No. 1, January 1957

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The Role of the Physician in the Modern Society  
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Original Articles  
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## INTRODUCTION

### ***Housing Elements and General Plans***

Cities and counties in California are required to develop "General Plans," which are long-range planning documents. A community's General Plan typically provides a comprehensive and long-term strategy for the physical development of the community and any adjoining land. There are seven subject areas that must be addressed in a community's General Plan, although other subjects can also be added based on the community's needs and objectives. The seven mandated "elements" that each General Plan must contain include land use, circulation, conservation, open space, noise, safety and housing.

The Housing Element of the General Plan is the only element that is mandated by State law to contain certain subject areas and is reviewed by a State agency for conformance to State law. The Department of Housing and Community Development (HCD) can review each community's Housing Element to determine if it complies with State Housing Element Law, specifically Article 10.6 of the Government Code. Article 10.6 asks communities to include the following information in their Housing Element:

- evaluation of existing housing needs,
- estimates of projected housing needs,
- review of previous Housing Element goals and programs,
- inventory of adequate sites for housing and evaluation of infrastructure condition and requirements,
- identification of constraints on housing, including governmental as well as nongovernmental constraints,
- development of housing programs to address identified needs, and
- quantifiable objectives for attainment of new construction, rehabilitation and conservation housing needs.

### ***Housing Elements: City of Capitola***

The document that follows constitutes the updated (1992) Housing Element for the City of Capitola. The City's previous Housing Element was adopted in 1989 and was found to be in compliance with State Housing Element law by the Department of Housing and Community Development on October 31, 1989. In order to comply with revised scheduling requirements for the AMBAG (Association of Monterey Bay Area Governments) region, the City of Capitola was required to update its 1989 Element to conform to the 1991-96 planning period that all AMBAG jurisdictions are using. Therefore, although the 1989 Housing Element was barely two years old, the City has updated it to reflect the new planning period.





### *Overview of the Capitola Community*

As the location map on the following page illustrates, Capitola is a coastal community located midway between San Francisco and the Monterey/Carmel area. To the casual visitor, Capitola is reminiscent of a Mediterranean fishing village with small shops and houses oriented to the water. The village area adjacent to the beach is a collection of small stores and shops with unique and unusual merchandise that provide hours of interesting shopping. The beach and lagoon area offer a variety of opportunities for both active and passive recreational activities. In addition, there are a number of areas to explore, including the wharf, Victorian cottages and houses, pathways and stairs, the Southern Pacific trestle and the Esplanade area.

The 1990 U.S. Census indicated that there were 10,171 persons residing in Capitola. The population of Capitola has increased minimally over the last decade; in 1980, the population was 9,095 person. Therefore, during the 1980-90 decade, the City's population increased by 1,076 persons or slightly more than 100 persons per year.

Capitola's housing stock contains a varied mixture of older and newer housing units. There are neighborhoods such as Depot Hill, the Village and parts of Jewel Box which have beautiful, older Victorian-era homes. These neighborhoods also contain a large percentage of smaller homes and cottages which were built originally as "summer homes" for part-time residents of the area. Many of these homes are now being used as year round residences. In addition to these older homes, there are housing units such as in the Cliffwood Heights neighborhood, which represent a more "suburban style" development of housing and are 15-30 years of age. And then there are also brand new homes scattered throughout the community, especially as infill development.

In addition to a range of older and newer units, the Capitola housing stock also contains a variety of housing types. For example, in 1990, 43% of the housing stock were single-family units and 16% were mobile homes. The remaining 41% of the units were multi-family structures of 2 or more units. In regard to multi-family units, it is interesting to note that Capitola has the distinction of having the first condominium development in the State of California. The Venetian Court development during the 1920s was the first condominium complex in California. These units are still under individual ownership and are a distinctive visual and historic landmark in the Capitola beach area.

The housing mix and history of Capitola are important when developing future housing goals and directions. The goals, objectives and programs as identified in Chapter 8 of this document reflect a recognition that Capitola's housing stock is a unique and important resource. In addition to preserving units, the programs in Chapter 8 also recognize continuing concerns about the affordability of housing and the need to assist in providing more units affordable to local residents.









## POPULATION AND HOUSEHOLD DATA

### ***Population Data***

Prior to 1960, Capitola was a small coastal village that experienced minimal growth. However, the decades between 1960-80 were a time of accelerated growth for the community. During that 20 year period, the population of Capitola grew from 2021 persons to 9095 persons. The increase in number of households during that time period was equally dramatic. The number of households in the City swelled from 896 households in 1960 to over 4394 households in 1980. In practical terms, these numbers indicate that there were almost 5 times as many households in 1980 than there were in 1960 in Capitola. This large increase in population and households was the result of annexations to the City as well as the "discovery" of Capitola as a pleasant and attractive place to reside.

The City's growth rate since 1980 has tapered down significantly and is expected to continue to do so. From 1980-1990, the City's population increased by 1,076 persons, or an increase of approximately 100 persons per year. In 1980, the City's population was 9,095 persons; in 1990, the population count had increased to 10,171 persons. The total number of households in 1990 was 4,681 households or, an increase of approximately 287 households from 1980 through 1990.

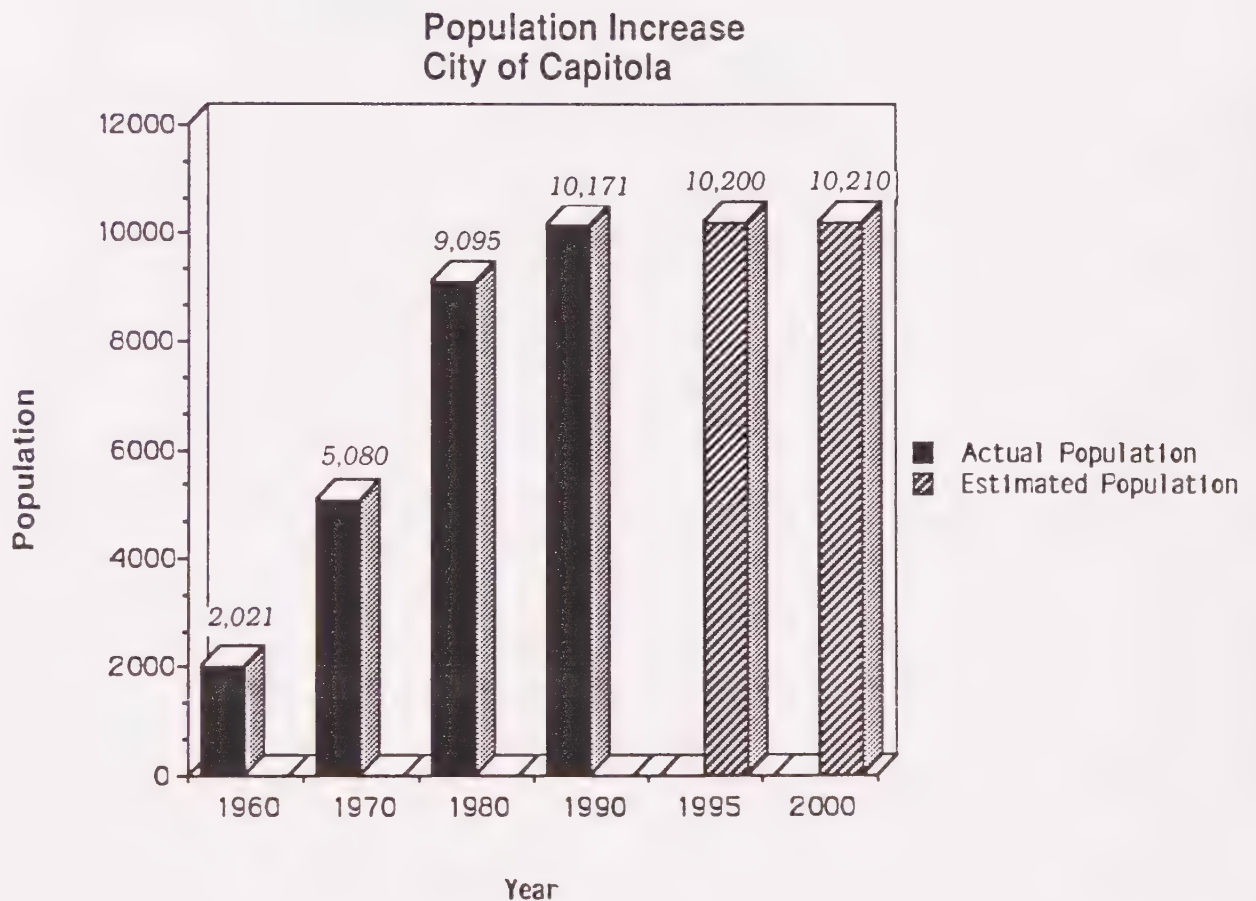
During the 10 year period from 1990-2000, it is anticipated that the citywide population will increase by only 39 persons, to a total population count of 10,210. (All future population estimates cited in this paragraph are from the Association of Monterey Bay Area Governments, Population Forecasts, January, 1992.) By 2005, the total Capitola population is expected to grow to only 10,220 persons. These estimates are based on the assumption that the City will not be annexing any large tracts of land in the future and that the City limits will essentially remain the same as they are today (1992). If these population estimates remain accurate, Capitola will be the smallest of all incorporated areas in the County sometime in the mid-1990s. To date, the City of Scotts Valley has had the distinction of being the smallest incorporated community in Santa Cruz County; however, Scotts Valley is expected to exceed Capitola in population by 1995.

The chart on the following page illustrates Capitola's population growth to date and estimates for the future.





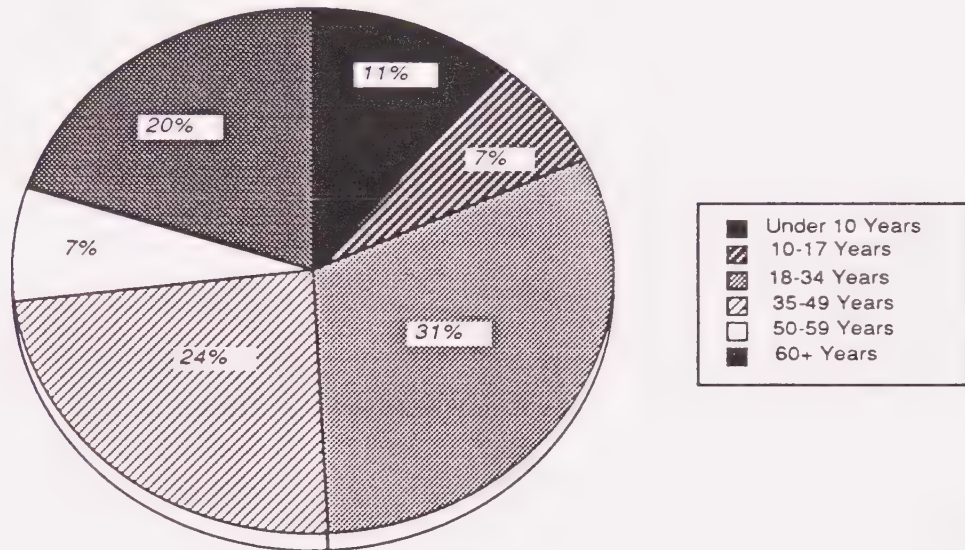
**Illustration #1: Population Estimates  
City of Capitola  
1960-2000**



**Source:** 1960, 1970, 1980, 1990: U.S. Census, Population Data  
1995, 2000 AMBAG (Association of Monterey Bay Area Governments), Population Estimates



**Illustration #2: Age Distribution  
City of Capitola, 1990**



Under 10 Years	1129 Persons
10-17 Years	703 Persons
18-34 Years	3216 Persons
35-49 Years	2407 Persons
50-59 Years	678 Persons
60+ Years	2038 Persons
<b>TOTAL</b>	<b>10,171 PERSONS</b>

Source: 1990 U.S. Census Data

### ***Population By Age***

The dramatic increase in population since 1960 has brought with it a change in the age distribution of the Capitola community. In 1960, Capitola's predominant age group was older adults (36% of the community was 60 years or older). By 1990, the percentage of persons over the age of 60 years had decreased to 20%. One of the major reasons for this shift in age distribution towards younger persons is that Capitola, like many other communities, is experiencing the results of the "baby boom" of the late 1940s and early 1950s. This shift in ages will continue to affect Capitola by diversifying the population and housing needs.





### Ethnicity

The majority of residents in Capitola are of White and non-Hispanic, racial and ethnic origin. The 1990 Census data indicate that 9,314 persons, or 91.6% of the total citywide population, reported that they were of White racial origin. This is a slight decrease from 1980 when 93.8% of the population were White.

**Illustration #3: Population by Race and Ethnicity, 1980 and 1990  
City of Capitola**

	1980	1990
<b>White</b>	93.8%	91.6%
<b>Black</b>	0.9%	1.4%
<b>American Indian, Eskimo, Aleut</b>	0.8%	1.0%
<b>Asian &amp; Pacific Islander</b>	1.7%	3.0%
<b>Other</b>	<u>2.8%</u>	<u>3.0%</u>
	<b>100%</b>	<b>100%</b>
 <b>Spanish Origin/Hispanic</b>	 6.4%	 8.3%

*Census data in both 1980 and 1990 provided information regarding the percentage of total population who were of any racial background (i.e. white, black, asian, indian, other) and were also of Spanish Origin (1980) or Hispanic (1990). Therefore, these percentages are independent (nonadditive to) the total count.*

**Source:** U.S. Census, 1980 and 1990

In comparing Capitola's 1990 population data to the rest of the County of Santa Cruz (incorporated and unincorporated areas), it is interesting to note that the percent of persons of black racial ancestry is higher in Capitola than the County (1.5% of all persons in Capitola were black; 1.1% of the total County population were black) while the percent of Hispanic persons is lower in Capitola than the County (8.3% of all persons in Capitola were of Hispanic origin and 20% of all the County population was Hispanic).



## HOUSEHOLD DATA

### Household Type and Size

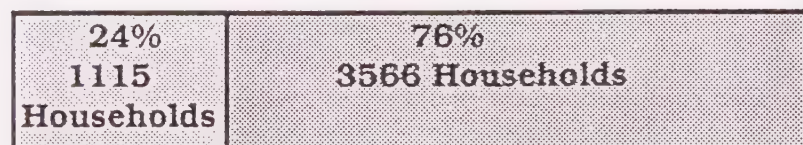
For purposes of evaluating housing supply and demand, it is helpful to translate population data into household data since it is households rather than individuals that typically occupy dwelling units.

The term "household" is defined as all persons who occupy a housing unit. Therefore, households can include both families (a head of household and one or more persons related by birth, marriage or adoption) as well as non-families. In 1990, there were 4,681 households in the City of Capitola; 2,345 of those households were family households. In other words, 50% of all households were family households and the remainder were non-family households.

The 1990 U.S. Census data reveals some interesting information about the type of households in Capitola. The majority of households in Capitola in 1990 consisted of persons over the age of 18 years. **Only 24% of all Capitola households had one or more persons under the age of 18 years.** This indicates that many of the households consist of either single person households over the age of 18 years, households of unrelated adults or married couples with no related children present.

#### Illustration #4: Households by Type City of Capitola, 1990

Total Households in Capitola: 4,681 Households



#### Households with 1 or More Persons Under 18 Years:

Family Households	1073 Households
Nonfamily Households	42 Households
<b>TOTAL</b>	<b>1115 Households</b>

#### Households With No Persons Under 18 Years:

Family Households	1272 Households
Nonfamily Hshlds.	2294 Households
<b>TOTAL</b>	<b>3566 Households</b>

Source: 1990 U.S. Census





## Single Person (One Person) Households

One person households are considered non-family households and represent 35% of all households in Capitola. There were 1,617 one persons households in Capitola in 1990. Approximately 65 % of all the one person households were headed by a female and 46% of the one person households were headed by a person over the age of 60 years (746 households total are one person households with the householder over the age of 60 years).

## Household Size (Persons Per Household)

Capitola's household mix is dominated by households with no children present; in other words, one person households, households of unrelated adults and married couple households. These type of households are, of course, smaller households which is reflected in the average size of Capitola households. In 1990, the City of Capitola had the smallest household size when compared to other cities in the County and the County itself. The 1990 U.S. Census data indicate that there were 2.13 persons per household in Capitola. Listed below are the household sizes for Capitola and the other incorporated and unincorporated areas of the County of Santa Cruz.

### Illustration #5:      Persons Per Household City of Capitola, 1990

#### *Persons Per Household (Average Household Size)*

<b>City of Capitola</b>	<b>2.13</b>
<b>City of Scotts Valley</b>	<b>2.48</b>
<b>City of Santa Cruz</b>	<b>2.49</b>
<b>County of Santa Cruz</b>	<b>2.66</b>
<b>(Incorp. and Unincorp.)</b>	
<b>City of Watsonville</b>	<b>3.24</b>

Source: 1990 U.S. Census

Capitola's average household size has remained fairly stable during the 1980-90 decade when it fluctuated between 2.0 and 2.1 persons per household. According to information from the State of California, Department of Finance, the average household sizes in California are expected to remain fairly stable throughout the 1990-2000 time period. It is anticipated that the average household size in Capitola in the year 2000 will continue to be in the 2.0-2.1 persons per household range.



### Household Tenure

Tenure represents the number of households who rent and who own their homes. The majority of households in Capitola rent their housing units as reflected in both 1980 and 1990 U.S. Census data. In 1980, 57% of all occupied units were renter occupied; in 1990, that percentage had decreased by a slight amount to 55% of all households. The remaining 45% of households in 1990 owned their housing units.

### Household Income

At the time that this Housing Element was prepared (mid-1991), the most current information regarding income levels by household was 1980 U. S. Census data. According to information prepared by AMBAG, in 1980 approximately 50% of all the Capitola households were classified as "very low" or "low" income. This percentage exceeded the percentage of very low and lower income households **in the County** (North Central Santa Cruz County Market Area) as a whole. In 1980, 41.7% of all County households were lower or very low income. In fact, the City of Capitola had the highest percentage of very low and low income households for the northern Santa Cruz County area. (The City of Watsonville and the southern portion of Santa Cruz County unincorporated areas are included in the Pajaro Valley Housing Market Area.)

**Illustration #6: Households by Income Group  
North Central Santa Cruz County  
Market Area, 1980**

	Total Households	Very Low Income	Low Income	Total Very Low and Low Income
<b>Capitola</b>	<b>4,351</b>	<b>29.53%</b>	<b>20.60%</b>	<b>50.13%</b>
<i>Santa Cruz</i>	<b>16,370</b>	32.09%	17.50%	49.59%
<i>Scotts Valley</i>	<b>2,563</b>	16.92%	15.05%	31.97%
<i>Santa Cruz Co. (Unincorporated)</i>	<b>35,679</b>	22.61%	15.15%	37.76%
<b>TOTAL</b>	<b>55,698</b>	<b>25.50%</b>	<b>16.20%</b>	<b>41.7%</b>

Source: "Regional Housing Needs Plan," Association of Monterey Bay  
Area Governments (AMBAG), June, 1990





## HOUSING ELEMENT

As noted on the previous page, the number of very low and low income households in Capitola is available only for 1980. These income classifications may have shifted since 1980 but until 1990 U.S. Census data is available, the 1980 data is the best and most reliable source of information. There is more recent data, however, in regard to the definition of levels of income that are used to define household categories. Household income definitions are developed using information from State and Federal agencies and these definitions are used primarily to qualify households for assistance for government sponsored housing programs (such as Section 8 rental subsidy assistance). Listed below are the commonly accepted definitions of very low, lower and moderate income households.

<b>Very Low Income:</b>	Households with incomes of 50% or less than the areawide median income.
<b>Lower Income:</b>	Households with incomes between 51-80% of the areawide median income.
<b>Moderate Income:</b>	Households with incomes between 81-120% of the areawide median income.

The areawide median income figures are updated on a regular basis by the U.S. Department of Housing and Urban Development. The income figures are compiled by "areawide market areas" and the County of Santa Cruz represents an areawide market area. The chart below indicates the 1991 income limits for the Santa Cruz areawide market area which includes the City of Capitola. The income limits represent the maximum income allowable to qualify as a very low, low or moderate income household for government assisted housing programs.

**Illustration #7:      Household Income  
Determinations (Annual Income)  
County of Santa Cruz, 1991**

**INCOME LIMITS FOR COUNTY OF SANTA CRUZ  
(Including the City of Capitola)**

*Household Size (by # of persons)*

	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>Very Low</b>	\$16,700	19,100	21,450	23,850	25,750
<b>Lower</b>	\$26,600	30,400	34,200	38,000	41,050
<b>Moderate</b>	\$39,900	45,600	51,300	57,000	61,550

**Source:** Dept. of Housing and Community Development, State of California





## ***SPECIAL NEED HOUSEHOLDS***

Because of characteristics specific to them, there are certain households within a community that usually have special housing needs. In Capitola, there are 6 types of households<sup>1</sup> that have been identified as having special needs; these are:

- 1. Senior Households,**
- 2. Disabled Households,**
- 3. Overcrowded Households,**
- 4. Single Parent Households**
- 5. Homeless Households, and**
- 6. Households Overpaying for Housing.**

### ***Senior Households***

For purposes of this document, "senior" indicates an individual 60 years of age or older. According to 1990 U.S. Census data, there were 2,038 seniors residing in Capitola. These 2,038 persons represent 20% of the total Citywide population. In comparing Capitola to the County of Santa Cruz (incorporated as well as unincorporated areas), Capitola has slightly more seniors by percentage than the County. Seniors comprise 15% of the total Countywide population as compared to 20% in the City of Capitola.

In evaluating households rather than individuals, there were 1,443 households with one or more persons of 60 years of age or more in Capitola reported in the 1990 U.S. Census data. This number is a slight decrease from the 1980 figure of 1,462 households with one or more persons 60 years of age or older. These 1,443 senior households represented 31% of all Capitola households in 1990. Of the 1,443 households over the age of 60 years, 52% (746 households) were a single person household.

It appears that the majority of senior households own rather than rent their homes. The 1990 Census data provides housing tenure information on household age groupings from 55-64 years, 65-74 years and 74 years of age and older. Approximately 74% of all household heads 55 years of age and older are homeowners. That number increases slightly if just the 65 years and older group is reviewed. Of all household heads 65 years of age and older in Capitola, 76% own their housing units.

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1. Farmworker households are often classified as "special need" households. However, the 1980 Census and preliminary 1990 Census data indicate that Capitola has no reportable number of farmworker households.



As noted previously in this report, Capitola has been a popular retirement destination in past years. The mobile home parks in the community offer a source of affordable housing for seniors and the City has protected the affordability of those units with a rent stabilization ordinance. In 1990, there were 866 mobile homes in Capitola, which represented 16% of all housing units in the City. The average number of persons residing in these mobile homes was 1.5 persons per mobile home; this smaller household size number would indicate the probability that the mobile home housing stock is occupied primarily by single-person and very small family households.

In addition to senior housing opportunities provided by mobile homes, the "Capitola Gardens" development on 46th Street provides 78 units of subsidized senior housing. This development is restricted to households who are 62+ years of age and approximately 10 of the units are reserved for senior households who are disabled. Senior Network Services reports that there is currently (1992) a 10 year waiting list for this development. In addition to the Capitola Gardens development, the Cliffwood Heights Neighborhood Church (through a non profit subsidiary) owns and manages 20 units of senior and handicapped units. All of these units have below-market rents and some of the units are rented to households who have Section 8 rental subsidies.

One additional existing housing resource is the "Senior Shared Housing Program." This program is administered by Senior Network Services of Santa Cruz County. The City of Capitola has provided funding assistance to Senior Network Services to administer the Shared Housing Program, which is an opportunity for the elderly to be "matched" with other households in seeking affordable living arrangements. The program assists approximately 48 Capitola households annually with counselling in regards to shared housing arrangements and actually "matches" about 8-10 of those households. This program provides an excellent opportunity to utilize the existing housing stock and to also provide housing at a more affordable cost.

During the planning period of this Housing Element (1991-96), the City of Capitola is also planning to use Redevelopment money to assist in the development of 17 affordable units at Clares Street and Wharf Road, some of these units will be designed for senior households. Further, the Salvation Army acquired 95 units at 750 Bay Avenue (Silvercrest Project) and will be providing affordable rental units for both senior and family households at this location.

### *Future Housing Needs of Senior Households*

Affordable housing has consistently ranked as the one of the top needs of senior households in Santa Cruz County. According to the 1989-93 Planning and Service Area Plan as developed by the Seniors Council/Area Agency on Aging of Santa Cruz and San Benito Counties, affordable housing is the number one need of senior households. Other needs (according to level of priority) identified in the Plan are: health, transportation, financial, in home supportive services, information and referral, nutrition, legal, loneliness and shopping. Information provided





in a 1990 study for the County of Santa Cruz ("A Study of Congregate Living Needs in Santa Cruz County") indicated that 92% of senior survey respondents felt that seniors do not have adequate access to affordable housing.

**In light of the significant need for affordable housing opportunities, following are recommendations particularly designed to address the needs of senior households:**

- 1. Preserve the existing inventory of affordable housing opportunities for seniors; in particular, the mobile home housing stock, Capitola Gardens, and Cliffwood Heights Neighborhood Manor.**
- 2. Assist, as feasible, in the development of new affordable housing units for senior households. The City of Capitola could provide either direct assistance through financing subsidies (e.g. Redevelopment tax increment funds) or indirect assistance with the provision of technical assistance to prospective housing developers or providers.**
- 3. Continue to support programs such as the Senior Shared Housing Program, which encourages full utilization of existing housing resources.**
- 4. Support the development of potential housing programs by the Area Agency on Aging, such as the "Home Equity Conversion Counseling Program" and the "Consumer Housing Information Service for Seniors."**

### ***Disabled Households***

There are two types of households included under the heading of "disabled households." These include households who have family members that are disabled because of physical handicaps and households who have family members with mental illness or disability. It is possible, of course, that some individuals have both a physical and mental disability but, for purposes of this analysis, these two types of disability will be analyzed separately.

#### **1. Disabled Households: Physically Challenged**

In 1985, the State of California Department of Rehabilitation estimated that there were approximately 540 "physically challenged" individuals in Capitola. The 1988 Special Citywide Survey conducted for the City of Capitola General Plan Update asked whether households contained a person or persons with a physical disability. Approximately 11% of all households responding indicated that they did have such a member in their household. If the 11% figure is applied to all of the house-



holds in Capitola, it would appear that 513 households have at least one physically challenged individual. The 1988 data then appears to correlate closely to the 1985 State data noted previously.

The most significant housing need for persons with a physical disability is accessible housing that is affordable. Housing that is accessible includes units that are modified for use by persons with a physical handicap. Improvements to a unit that make it accessible include widened doorways and hallways, ramps, grab bars in the bathroom and reduced height counters.

Affordable housing is also a critical issue for physically challenged individuals. Community Resources for the Disabled (CRD) in Santa Cruz County reports that 50% of all inquiries received by their agency are for housing assistance.

### **2. Disabled Households: Mental Illness or Disability**

Households with a member who has a mental disability include those disabled by a psychiatric illness (usually schizophrenia, schizo-affective disorder, bipolar disorder or major depression) or by other brain conditions such as Alzheimers Disease, AIDS-related infections and conditions related to brain trauma.

In 1990, the Board of Supervisors of the County of Santa Cruz County approved the "Mental Health Housing Plan," which highlights housing as a significant issue for individuals with psychiatric disorders. In fact, the plan notes that "...the (housing) problem has become so serious that a major change in priorities for mental health funds is being considered, both locally and on a statewide level, away from treatment and towards development and control of housing resources." The report notes that there are four specific problems that prevent individuals with psychiatric disabilities from successfully accessing and retaining housing. These include:

1. lack of affordability,
2. initial move in expenses,
3. social stigma, and
4. lack of support.

The report notes that affordability is a particularly significant issue, since most of these individuals are unable to work due to their disability and rely on Social Security payments or their families for financial support. Typical income from Social Security for disabled persons is \$7,560 annually (1991) or \$630 per month. In addition, many disabled persons subsist for two or more years on County administered General Assistance of \$341 per month while awaiting approval of Social Security payments.

The exact number of individuals with a mental illness or disability in the County or, in the City of Capitola, is still unclear at this time. The 1990 Plan reports that a common measure used by mental health professionals is that 2% of the general population is seriously mentally ill. If this figure was applied to the County of Santa Cruz' total 1990 population, it would indicate that 4,707 County residents





had a serious mental illness. The County Mental Health Department has already identified over 700 individuals in the County who are psychiatrically disabled, chronically homeless and in need of housing. If the 2% measure identified above was applied to the 1990 population of Capitola, it would appear that there are 203 persons in Capitola with a disability due to mental illness or disability.

**Recommendations for addressing the special needs of disabled households (including both physically and mentally disabled) include:**

- 1. Encouraging accessibility improvements as eligible work items in any housing rehabilitation program sponsored by the City.**
- 2. Supporting the housing goals and efforts of non profit groups and organizations in the County that are providing affordable housing for disabled individuals.**

### ***Overcrowded Households***

A household is typically considered to be "overcrowded" when there is more than one person per room in the structure. For example, a household of 5 persons living in a housing unit with 4 rooms would be considered to be overcrowded. Overcrowded households are usually a reflection of the lack of affordable housing. Households who cannot afford housing units suitably sized for their households are often forced to live in housing that is too small for their needs. Overcrowded housing can and often is also associated with poor physical condition of dwelling units. Data on overcrowding should be viewed as an indication of the need to provide more affordable housing units and/or the need to provide for the improvement and rehabilitation of the existing housing stock.

The 1990 U.S. Census data indicate that 185 households were living in overcrowded conditions in Capitola. This is an increase from 1980 when there were 115 overcrowded households. The 185 households in 1990 represent approximately 4% of all households occupying housing units in Capitola. The majority of the overcrowded households are renter households. Of the 185 total overcrowded households, 153 households were renter households (or 83% of all overcrowded households were renters). This situation is common in many communities since renters tend to have less available income to rent homes large enough for their households.

As housing becomes more costly, overcrowded households will continue to become more of a problem. In the past, "traditional" overcrowded household used to be lower-income families who could not afford a house large enough for all of the members of the family. Nowadays, however, overcrowded households also include





two or more households who are unrelated by blood or marriage sharing the same house in order to economize. A common measure used to evaluate the number of persons living in "large" households is the number of households with 5 or more persons. In Capitola, there were 198 households with 5 or more persons; these households represent 4% of all households. The percentage and number of large households then is very similar to that of overcrowded households in Capitola. It can usually be assumed that many of the same households that are classified as "large" are also "overcrowded" households. Until housing becomes more affordable and more plentiful, it is expected that overcrowded households will continue to be a significant housing issue.

### ***Single Parent Households***

Single parent households are comprised of one household head, typically female, and children. Nationally, the number of children living with only one parent has almost doubled from 1970 to 1988. In 1970, there were 8.2 million children living with a single parent; by 1988, that figure had increased to 15.3 million children living in single parent households. (Source: "The State of the Nation's Housing," Joint Center for Housing Studies at Harvard University, 1990)

In California, it is estimated that 24% of all families are single parent households, with the majority of those households being female headed. In Capitola, there were 425 family households in 1990 that were headed by a single parent. This represents 18% of all family households in the City. The majority of the single parent households are female headed; 318 households were headed by a female and 107 households had a male head of household. The 1980 Census data indicate that 397 family households were headed by a single parent and that 88% (348) of those households were female heads. The 18% figure is fairly close to the percentage of single parent households that was obtained during the 1988 Special Citywide Survey. The 1988 Special Citywide Survey indicated that 20% of all households were single parent households and, of that amount, 75% were headed by a female. The 1988 survey also indicated that the neighborhoods with the highest percentage of single parent households were the 42-48th Avenue area (39% of all households were single parent households) and the Jewel Box (26% of all households were single parent households).

Single parent households often have limited incomes and this can affect their ability to secure decent and affordable housing. For example, the 1980 mean income for female headed families in the County of Santa Cruz was \$10,197. In contrast, the mean income for married couple families with children in the County was \$28,025, a significant difference in the amount of income available for housing and other essential items.



### *Homeless Households*

One of the major causes of homelessness in the United States today is the lack of affordable housing. For the majority of homeless, the cost of securing housing in today's market is a challenge for which many do not have the necessary resources. In addition to the lack of affordable housing, there are two other factors that result in homeless households. These are inadequate incomes (either from jobs or from government financial assistance programs) and inadequate social services for preventing or overcoming homelessness.

In Santa Cruz County, the most comprehensive and current information regarding homelessness is contained in the report prepared by the Short-Term Housing Coalition of Santa Cruz County. This report was prepared in Summer, 1990 and is entitled "Assessment of Shelter and Housing Needs of the Homeless Population of Santa Cruz County." It is important to note that the data contained in the report is the result of a one night survey conducted in March, 1990, approximately 6 months after the 1989 Loma Prieta Earthquake. Approximately 33% of the respondents to the survey indicated that they were homeless because of the earthquake.

According to the report, there were approximately 1,910 homeless individuals in the County in March, 1990. Approximately 20% of the homeless individuals were children. In looking at **type** of households, the majority of homeless households were either single men or women. 73% of all households were single men or women, 15% were families with children and 11% were couples without children. Only 25% of the households were receiving any type of public assistance. Most of the households had monthly incomes but these incomes were very limited (40% of all households had incomes of less than \$199 per month).

Most of the homeless in the County are located in areas other than Capitola. The 1990 U.S. Census attempted to identify homeless individuals. According to the 1990 census data, there were 8 persons in emergency shelter for homeless in Capitola and another 5 persons "visible in street locations." Although the 1990 census data does not identify the emergency shelter in Capitola referenced above, it is believed that this shelter is the homeless services offered through the Interfaith Satellite Shelter program, which provides shelter through local churches. There are no other homeless shelters located in Capitola.

Should a homeless shelter be proposed to be located in Capitola, there are no zoning requirements that would prohibit them. Homeless shelters are allowed in all zoning districts in the City. If the shelter would provide housing for more than 6 people, a use permit in the single family residential zone would be required, unless the shelter was part of an existing church operation.

Other than the Interfaith Satellite Shelter program noted above, homeless shelters are located outside of the City of Capitola. There are nine shelters in the County of Santa Cruz. The location and operating capacity of these nine shelters are described in Illustration #8 on the following page.





**Illustration #8: Homeless Shelters  
County of Santa Cruz  
1990-91**

<b>North County Shelters:</b>	<u># of Beds</u>
<b>1. Jesus, Mary and Joseph Home</b> (All households) 132 Lennox, Santa Cruz	14
<b>2. River Street Shelter</b> (Primarily single individuals, space for mentally ill) 733 River Street, Santa Cruz	30
<b>3. New Life Center</b> (All households, priority to families) 707 Fair Avenue, Santa Cruz	25
<b>4. St. Francis Catholic Shelter</b> (All households) 205 Mora Street, Santa Cruz	15
<b>5. Women's Crisis Support Center</b> (Women with children only) Office: 1025 Center Street (Shelter is at an undisclosed location)	16
<b>South County Shelters:</b>	
<b>6. New Life Center South</b> (Primarily serves families with children) 2714 Freedom Blvd, Watsonville	16
<b>7. Pajaro Valley Shelter Services</b> (Women with children only) 115 Brennan Street, Watsonville	18
<b>8. Pajaro Rescue Mission</b> (Men only) 111 Railroad Avenue, Watsonville	24
<b>North and South County Shelters:</b>	
<b>9. Interfaith Satellite Shelter</b> (Primarily single adults) Office: 2601 Park Avenue, Aptos	<div> Fall/Winter 128  Spring/Summer 15 </div>

<b>TOTAL BEDS:</b>	
Fall/Winter	<b>286</b>
Spring/Summer	<b>173</b>



As part of their effort to address the homeless problem, Capitola has participated with other jurisdictions in the County of Santa Cruz in developing a countywide homeless strategy. On November 14, 1991, the Capitola City Council adopted the Coordinated Countywide Effort to Assist the Homeless which identified the following three tasks as priorities:

1. Case management services for homeless and at-risk families and individuals throughout the county,
2. transitional housing units for homeless families and individuals, and
3. provision of a day resource center for homeless persons in the City of Santa Cruz.

Tasks assigned to the City of Capitola in this countywide strategy were to assist with funding for case management services (#1) and to investigate potential sites, funding sources and opportunities for transitional shelters in the City of Capitola (#2). The City intends to provide funding resources for the provision of case management services (beginning with Fiscal Year 1992-93) and will participate in identifying potential sites for transitional housing opportunities.

**Recommendations for addressing the special needs of homeless individuals and households include:**

- 1. Participating in the Coordinated Countywide Effort to Assist the Homeless by:**
  - providing funding to assist with case management services, and
  - identifying potential sites and resources for transitional housing shelters in the City of Capitola.

### ***Households Overpaying for Housing***

Affordability of housing is a primary concern in today's housing market and a key indicator of affordability is the number of households "overpaying" for housing. Traditionally, "overpayment" for housing has been defined as a household spending more than 25-30% of their income for housing costs. Of particular concern is the percentage of lower income households who overpay for housing. Since these households have a more limited income to spend for housing costs, the number of lower-income households who pay more than 25% of their income is a significant indicator of the lack of affordable housing.

1990 Census data was not available at the time that this document was prepared in regard to households who overpay for housing. The 1980 U.S. Census, however, indicated that 2284 Capitola households (53% of all households in the City) were lower-income; that is, households with incomes less than 80% of median income. Of all those lower-income households in Capitola, 1333 households were paying in excess of 25% of their income for housing. These 1333 households are comprised of 1168 renter and 165 owner households and represents 58.4% of all lower income households in Capitola.

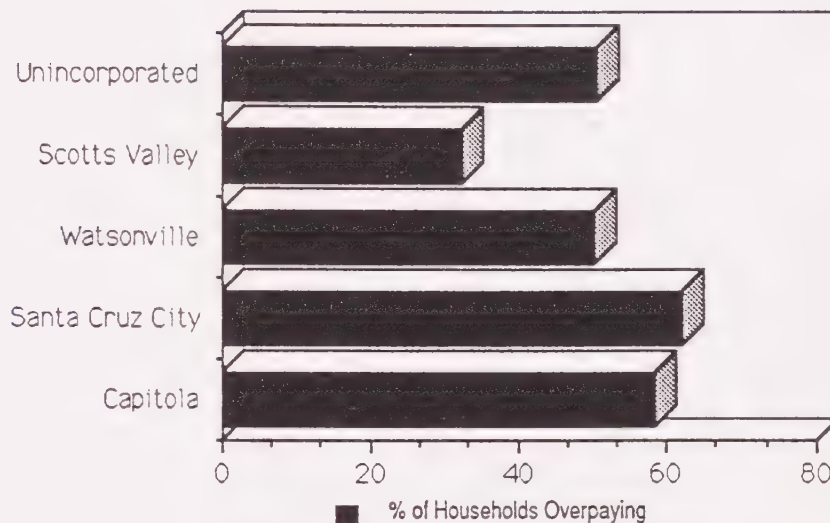




## HOUSING ELEMENT

In relation to the rest of the Santa Cruz County housing market, Capitola had the second highest percentage of lower-income households overpaying for housing. The City of Santa Cruz reported the highest percentage (62%) and Scotts Valley the lowest percentage (32.5%). The chart below illustrates the percentage of lower-income households overpaying for housing in Capitola in relationship to other jurisdictions in the Santa Cruz housing market.

**Illustration # 9: Lower Income Households Overpaying for Housing  
County of Santa Cruz, 1980**



*Please note: This chart illustrates only lower income households who overpay for housing. It does not represent the total number of households overpaying in each jurisdiction.*

**Source:** 1980 U.S. Census Data

In regard to household tenure, lower-income renters in Capitola were much more likely to overpay for housing than homeowners. Of all the lower-income households overpaying for housing, 88% (1168 households) were renters and 12% (165 households) were homeowners. This large percentage of renter households indicate the need for more rental units that are affordable to lower income households in Capitola.



## HOUSING STOCK DATA

***Number and Type of Housing Units***

From 1970-80, the number of housing units in Capitola increased from 2536 housing units to 4794, an increase of 89%. The bulk of that growth was a result of annexation of already developed land in the Live Oak area as well as infill development. Since 1980, however, the pace of growth has slowed down considerably. From 1980-90, the total number of housing units in the City increased by only 488 units. The U.S. Census data indicate that there were 5,282 housing units in Capitola at the time census data was collected. The chart below illustrates the change in Capitola's housing stock from 1970 to 1990 and also compares the City's housing stock increase to that of other jurisdictions in the County.

**Illustration #10: Year Round Housing Stock  
County of Santa Cruz, 1970-90**

	1970	1980	1990
<b>Capitola</b>	<b>2,536</b>	<b>4,794</b>	<b>5,282</b>
<b>City of Santa Cruz</b>	<b>13,449</b>	<b>17,769</b>	<b>19,364</b>
<b>Scotts Valley</b>	<b>1,304</b>	<b>2,751</b>	<b>3,556</b>
<b>Watsonville</b>	<b>5,209</b>	<b>8,756</b>	<b>9,909</b>
<b>County of Santa Cruz (Unincorporated Area)</b>	<b>28,734</b>	<b>45,541</b>	<b>53,767</b>

**Source:** 1970, 1980 , 1990 U.S. Census Data  
1985 County of Santa Cruz Housing Element

The 5,282 unit count noted above for the City of Capitola is the estimate as of 1990. This represents an increase of 488 units since 1980, or approximately 48.8 units per year for the decade from 1980-90. The State Department of Finance estimates that, as of January 1, 1992, the number of housing units in Capitola had increased to **5,328 units**. This represents an addition of 46 units to the stock from 1990 to 1992.

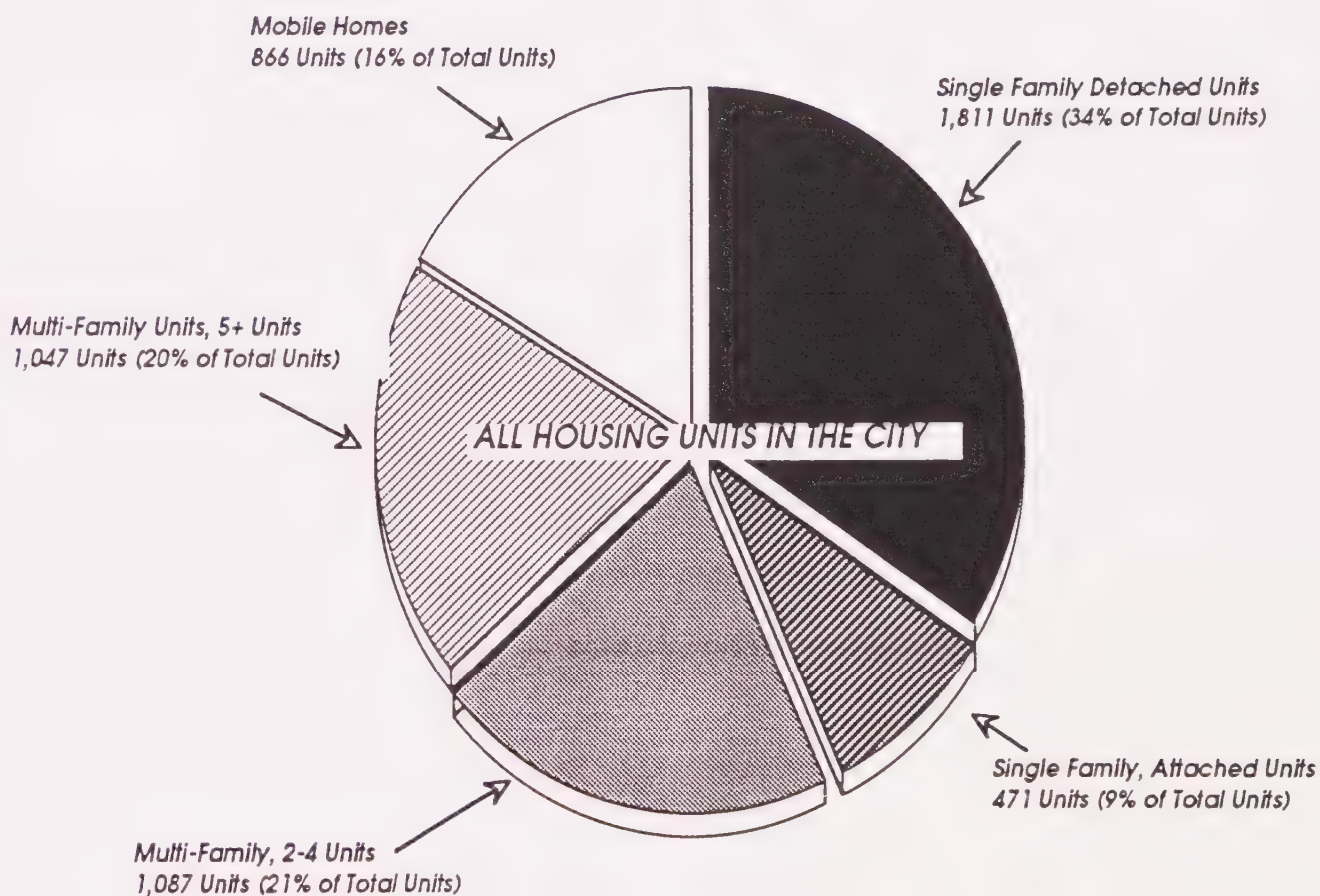




## HOUSING ELEMENT

Regarding **type** of housing unit, single family units represent 43% of all units in the City. This includes both single family, attached and single family, detached units. The next most prevalent type of unit are multi-family units. These units account for 41% of the housing stock, approximately half of these units are in developments of 2-4 units and the other half are in developments of 5 or more units. Mobile homes account for the remaining 16% of the housing stock.

**Illustration #11: Housing Units by Type  
City of Capitola, 1980**



Source: 1990 U.S. Census



### ***Housing Vacancy Rates***

The vacancy rate in a community indicates the percentage of units that are vacant and for sale or rent at any one time. According to the State Department of Finance January, 1991 figures, Capitola has a 11.38% vacancy rate. A "healthy" vacancy rate is considered to be somewhere between 4-6%.

The Capitola vacancy rate is artificially inflated because of the high number of seasonal or second home units. Capitola is considered an attractive coastal community and, as such, many people have purchased vacation homes which are vacant for part of the year. Although these homes are considered part of the year round housing stock, they are usually not available for permanent use. The 1990 Census data reported that 328 units (6% of the total housing stock) were vacant and used for "seasonal, recreational or occasional use." Therefore, the actual vacancy rate then in Capitola is estimated to be probably closer to 5% rather than the 11.38% State figure.

### ***Housing Condition***

Capitola has a mix of older and newer housing units. There are neighborhoods such as Depot Hill, the Village and parts of Jewel Box which have beautiful, older Victorian-era homes. Other parts of the City such as the Sunset-Riverview area and the Upper Village contain housing units which were built 30-60 years ago. The Cliffwood Heights area represents a "suburban-style" neighborhood and most of the units there are 15-30 years old. And then there are brand new homes scattered throughout the City, especially as infill development.

As older housing units age, there is the possibility that the condition of some of the units will deteriorate due to inadequate maintenance or neglect. In order to determine the number of units in the City that may be deteriorating and in need of rehabilitation, a survey was conducted in the Summer of 1988 which classified all single family and multi-family units in the City (mobile homes were not included in the survey). Each housing unit was evaluated as to its condition and then classified according to category. (Please see the chart on the next page for the definition of housing condition categories.) The results of the survey indicated that 14% of the units in the City fell in categories #2 and 3, "deferred maintenance" or "substandard, suitable for rehabilitation." Less than 1% (14 units total) were considered to be so substandard that demolition rather than rehabilitation would be necessary (category #3). The neighborhood with the highest percentage of units needing rehabilitation was the Upper Village area -- 30% of all units identified as needing rehabilitation were located in this area. The Depot Hill/Village area was the neighborhood with the next highest percentage (28% of all the units needing rehabilitation).

Illustration #12 on the next page provides information by neighborhood of the condition of units in each of the City's five neighborhoods.





**Illustration #12: Housing Condition, By Neighborhood  
City of Capitola, 1988**

Listed below are the definitions used in the Housing Condition Survey to categorize housing units according to whether they were in need of rehabilitation or replacement. Also listed on this page are each of the five neighborhoods surveyed with the number of units per category listed for each neighborhood. The location of the neighborhoods are then noted on the map on the following page.

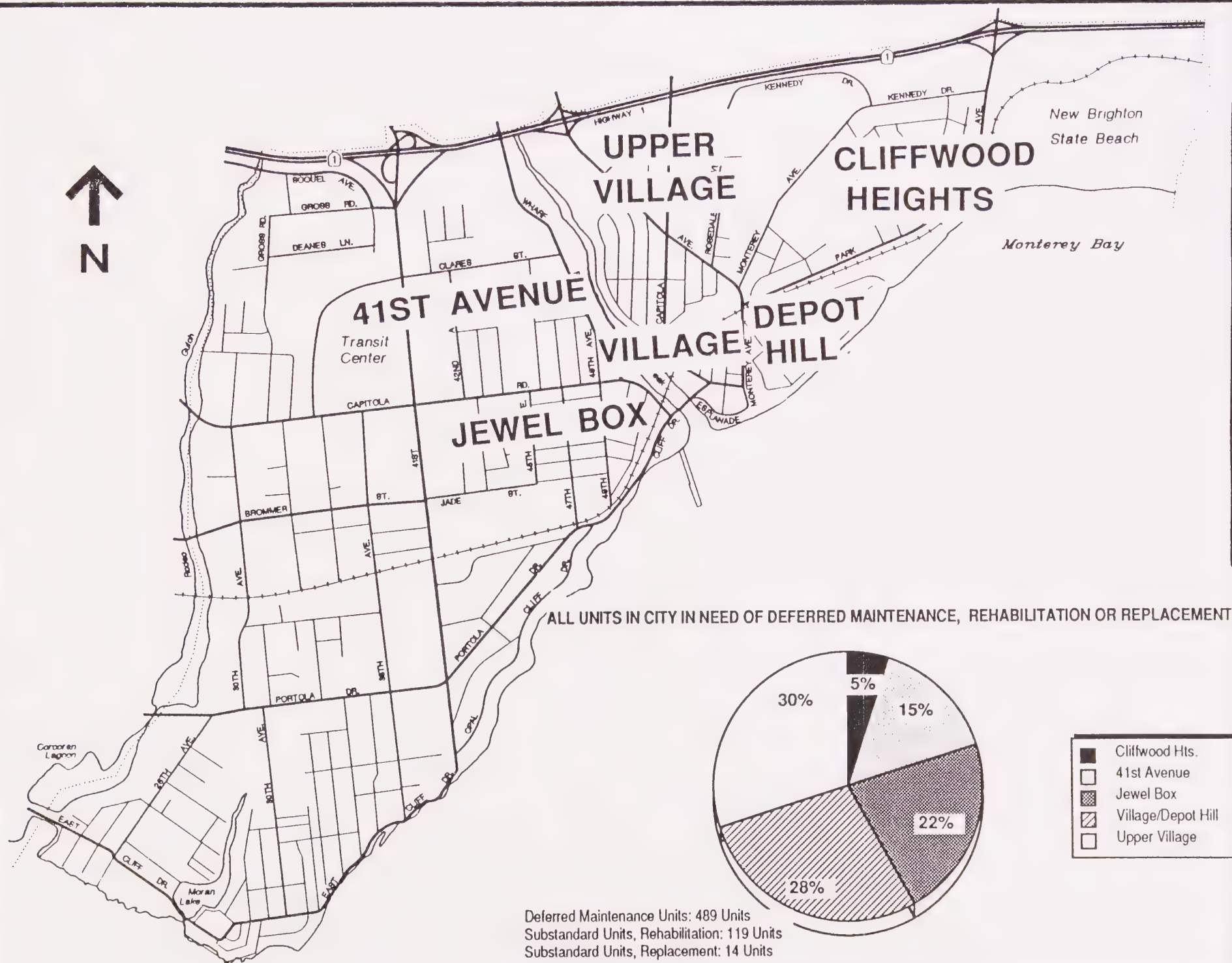
**HOUSING CONDITION DEFINITIONS:**

- #2 Deferred Maintenance Unit (one deficiency observed)**
- #3 Substandard Unit, Suitable for Rehabilitation  
(two or more deficiencies observed)**
- #4 Substandard Unit, Not Suitable for Rehabilitation  
(Major Structural and System Deficiencies  
Observed, Demolition Recommended)**

**HOUSING CONDITION CATEGORY**

	<b>#2</b>	<b>#3</b>	<b>#4</b>
<b>Upper Village</b>			
Single Family	31	5	3
Duplex/Triplex	20	2	0
Multi-Family	115	7	0
<b>41st Avenue</b>			
Single Family	32	6	3
Duplex/Triplex	10	4	0
Multi-Family	38	0	0
<b>Cliffwood Heights</b>			
Single Family	14	1	0
Duplex/Triplex	9	2	0
Multi-Family	5	0	0
<b>Village/Depot Hill</b>			
Single Family	60	24	5
Duplex/Triplex	28	4	0
Multi-Family	22	34	0
<b>Jewel Box</b>			
Single Family	32	12	1
Duplex/Triplex	17	4	2
Multi-Family	56	14	0
<b>TOTAL</b>	<b>489</b>	<b>119</b>	<b>14</b>









## HOUSING ELEMENT

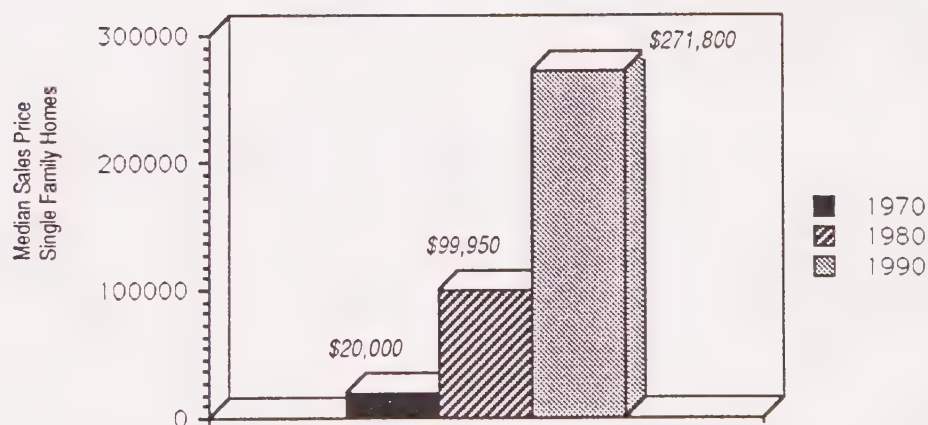
In reviewing Illustration #14 on the previous page, it appears that the units with the largest percentage increase in advertised rents are the two and three bedroom house/duplex units. These units increased by approximately 20% in the 3 year time period from 1988-91. The units with the smallest increase were the one and two bedroom multi-family units (apartments and condominiums) with rent increases of approximately 5% for the same time period.

### Homeownership Market

Similar to rental units, a survey of units for sale was also conducted in 1988 and 1991 with units listed for sale in the "Santa Cruz Sentinel." According to those surveys, the average 2-bedroom single family unit in 1988 was advertised for an asking price of \$216,500. In 1991, there were fewer units listed for sale because of the recession and sluggish housing market. It was not possible to get an average two bedroom single family asking price because there were not enough units advertised; overall, the average asking price for all single family advertised units was \$285,000. In regard to condominium/townhome units for sale, the average asking price for a two bedroom unit was \$142,000; in 1991, that price had increased to an average asking price of \$185,000.

In comparing Capitola to the rest of the northern Santa Cruz County housing market, it appears that the price of homes in Capitola are similar to those in surrounding jurisdictions. The median sales price for an existing single family unit in the northern Santa Cruz County market was \$271,800 for the last half of 1990. This figure is fairly similar to the average asking price in Capitola of \$285,000 noted above and could be adjusted to account for the fact that it reflects actual sales price as reported rather than asking price and is a 1990 figure rather than a 1991 figure. In addition to illustrating the 1990 median sales price of homes in northern Santa Cruz County, Illustration #15 also reflects the increase in sales prices in homes from 1970-90.

**Illustration #15: Median Sales Price, Single Family Units Northern Santa Cruz County**



Source: 1970 and 1980 Data: County of Santa Cruz, 1985 Housing Element  
1990 Data: Santa Cruz Board of Realtors (June-December, 1990)



### ***Affordability of Housing***

Providing affordable housing is one of the major issues facing California today. In Capitola, as in other California communities, households are often forced to spend more than a reasonable share of monthly income on housing. As noted previously on page 17 of this document, in 1980 approximately 58.4% of all the lower income households in the City were overpaying for housing. (The 58.4% figure represents a total of 1,333 households.) At the time this data was collected, "overpaying" was defined as paying in excess of 25% of household income for rent or mortgage payments.

Since 1980, the percentage that determines whether a unit is affordable (and, consequently, the household is not overpaying for housing) has increased. The rule of thumb most often used by both financial institutions and governmental agencies is that a household should now spend no more than 30-35% of their household income for housing costs. These percentages vary depending on the type of agency administering the housing program, the actual household income and whether the household is an owner or renter household. For example, changes to State law effective January 1, 1991 specify the following percentages of household incomes for affordability determinations. (Please note: these calculations are used to determine how much a household can theoretically "afford" to pay; these calculations are not used to define very low, lower and moderate income households.)

#### **Illustration #16: Housing Affordability Guidelines State of California, 1991**

##### **Renter Households**

<b>Very Low Income:</b>	<b>30% of 50% of Areawide Median Income</b>
<b>Lower Income:</b>	<b>30% of 60% of Areawide Median Income</b>
<b>Moderate Income:</b>	<b>30% of 110% of Areawide Median Income</b>

##### **Owner Households**

<b>Very Low Income:</b>	<b>30% of 50% of Areawide Median Income</b>
<b>Lower Income:</b>	<b>30% of 70% of Areawide Median Income</b>
<b>Moderate Income:</b>	<b>35% of 110% of Areawide Median Income</b>

**Source:** State of California, Dept. of Housing and Community Development





Using the affordability criteria listed in Illustration #16 on the previous page, the average four person very low income household in Santa Cruz County can "afford" \$596 per month for housing in 1991. This was calculated by multiplying 30% of 50% of areawide median income for a four person household. (Please see Illustration #7 on page 8 of this document for a description of 1991 household income limits for the County of Santa Cruz. There are no specific income limits for the City of Capitola; all cities and unincorporated areas in the County use the household income limits for the County of Santa Cruz as a whole.) The average 2 bedroom apartment in Capitola was advertised for rent in 1991 at \$855 per month according to the survey results identified on page 24. To pay this amount in monthly rent would require approximately 43% of a very low income household's monthly income. Even if this hypothetical household decided to rent a **one bedroom** apartment instead of a two bedroom unit in order to save on housing costs, they would still be paying 35% of their income for the average one bedroom apartment's advertised rent of \$688 per month.

The lower income household of four persons in Santa Cruz County theoretically has \$715 available for housing (using the 30% of 60% of areawide median income). Like the very low income household, the lower income household would also be unable to "afford" the average two bedroom apartment's advertised rent of \$855 per month. The only type of unit that would be affordable for the lower income household would be a one bedroom unit with an advertised average rent of \$688 per month.

In 1991, a four person moderate income Santa Cruz County household could afford \$1340 per month for housing (using 30% of 110% of areawide median income). The moderate income household could therefore afford to rent the average apartment or house in Capitola.

The information above indicates that the average very low income or low income household of four persons cannot afford to rent a two bedroom or larger unit in Capitola without "overpaying" for housing. The average moderate income household of four persons, however, is more fortunate and can afford the rental rates of either apartment units or houses in Capitola, regardless of unit size.



### AFFORDABLE HOUSING RESOURCES

An important part of any housing strategy is a recognition of the existing affordable housing opportunities available in a community. Listed below and on the following pages is a description of the type of affordable units and affordable housing resources available to Capitola households.

#### ***Inventory of Affordable Housing Units***

There are five housing developments that currently provide or are proposed to provide affordable housing opportunities in Capitola. These developments provide housing for senior, handicapped and family households.

##### **Senior/Handicapped Housing**

- a) "The Pines" - 78 units of Section 202 senior units.

These units are rental units which are privately owned but are financed through the U.S. Department of Housing and Urban Development. Rents are therefore affordable and units are limited to occupancy by lower income households. The units are located off of 44th Avenue.

- b) "Cliffwood Heights Neighborhood Manor"

20 units of senior/handicapped housing (18 two-bedroom units and 2 one-bedroom units) which are owned by a non-profit subsidiary of Cliffwood Heights Neighborhood Church. Rents are below-market and some units are rented to households who have Section 8 rental assistance. The units are located on Kennedy Drive.

##### **Family Housing**

- c) Grace Street Apartments - 12 units of Low Rent Public Housing. These are rental units which are managed by the Santa Cruz County Housing Authority. Rents are affordable and units are limited to occupancy by lower income households.

##### **Mixed Senior/Family Housing**

- d) Wharf Road Units (Proposed Development)

The City of Capitola Redevelopment Agency, in cooperation with the Santa Cruz County Housing Authority, is planning to develop 17 units of housing affordable to senior and family





### **Mixed Senior/Family Housing (Continued)**

households. These units will be constructed in conjunction with the development of the City/County Library at the Clares Street site.

Because these units will be 100% affordable to lower income households, the City needs to obtain Article XXXIV authority. This request will be on the April, 1992 ballot for approximately 25 more units (as of January, 1992, the City had authority for 13 units). When approved by the voters, the City will then have Article XXXIV authority for a total of 38 units.

e) "Silvercrest " (In Development, 1991)

The Salvation Army has acquired a 95 unit apartment complex at 750 Bay Avenue. They will be providing 93 units of one and two bedroom units at rents affordable to lower income households. The development will provide housing for both family and senior households, with a preference to senior households. The Salvation Army has acquired the property with their own funds (no federal, state or local subsidies were used in the acquisition of the property).

In addition to the housing developments identified above, the City has developed programs that are oriented to preserving and/or developing housing opportunities. For several years, the City administered a housing rehabilitation program for lower income households using Community Development Block Grant (CDBG) funds. Because of the extremely competitive nature of CDBG funding, the City has not received funding for the program since 1983 and has had to discontinue program operation.

In addition to the housing rehabilitation program, the City has adopted both a Rent Stabilization Ordinance for mobile home parks and a Condominium Conversion Ordinance. The Rent Stabilization Ordinance protects mobile home park residents from unreasonable increases in space rents while the Condominium Conversion Ordinance regulates the conversion of apartments to condominiums by requiring that 35% of the units be made available to low and moderate income households.

### ***Financial Resources Available***

There are limited financial resources available to communities to provide affordable housing opportunities. At this time (1991), the most significant resource that is available to Capitola is the Housing Set-Aside Funds from the Redevelopment Agency. These funds originate from Redevelopment Tax Increment monies. By



State law, 20% of all Redevelopment Tax Increment monies must be allocated for the improvement or provision of housing for low and moderate income households. Capitola's Redevelopment Agency expects to generate approximately \$5.1 million dollars in the Housing Set Aside Fund.

Portions of this fund have already been allocated to public works improvement projects in the 42-48th Avenues area. In addition, the Redevelopment Agency has made a commitment to provide 17 affordable units at the Clares Street location. After accounting for these existing obligations, it appears that there is approximately \$3 million available to assist future housing activities in the City.

In addition to financial resources, the City has another housing resource available in the form of Article XXXIV referendum approval. This allows public agency participation in the development or construction of housing for lower-income households, especially rental housing. In 1978, an Article XXXIV referendum was approved by the voters for 25 units. The Grace Street Apartments (mentioned previously on page 28) used 12 of the 25 original unit authority, leaving a remaining balance of 13 units. In November, 1991, the City Council approved putting Article XXXIV referendum approval for an additional 25 units on the April, 1992 ballot. These 25 units in combination with the 13 remaining units will yield the City authority for 38 units total. The Wharf Road development (also previously mentioned on pages 28-29) is anticipated to utilize approximately 17 of the 38 unit authority, then leaving a remaining balance of 21 units.

### ***Agencies Involved in Housing in Capitola***

#### **a) Santa Cruz County Housing Authority**

The Santa Cruz County Housing Authority is the primary agency specifically associated with affordable housing in Capitola. The Housing Authority manages the Grace Street apartments, administers the Section 8 rental subsidy program and also operates the Mortgage Credit Certificate program for Capitola. The Housing Authority is also the lead agency, along with the City of Capitola Redevelopment Agency, in developing 17 proposed affordable housing units at the Rispin Mansion/Library Site on Wharf Road.

#### **b) Senior Network Housing Program**

The Senior Network Housing Program assists in providing housing services, primarily to elderly individuals and households. The program has been active in matching seniors in shared housing arrangements. In addition, staff also maintains an inventory of senior housing developments and provides information on location, eligibility requirements, affordability and level of services offered.

#### **c) Fair Housing and Tenant/Landlord Issues**

Fair housing information and tenant-landlord dispute mediation is available through the Legal Aid Society as well as the Office of Consumer Affairs in the County District Attorney's office. Information and resources are provided to both tenants and landlords regarding their rights and responsibilities.





### PROJECTED HOUSING NEEDS, 1991-96

According to State Housing Element Guidelines, Housing Elements should include an analysis of the number of housing units to be built, rehabilitated, and conserved in order to meet the locality's current and future housing needs for a specified time period. This Housing Element has been prepared following the time line outlined by the State of California, Department of Housing and Community Development. According to that Department, the City of Capitola's Housing Element should project housing needs from July 1, 1991 to June 30, 1996. Following then is an analysis of Capitola's new construction, rehabilitation and conservation/preservation needs to June 30, 1996.

#### ***New Construction Needs (1991-96)***

The Association of Monterey Bay Area Governments (AMBAG) has responsibility for developing estimates of new construction needs in Santa Cruz and Monterey Counties. In 1990, the AMBAG Board of Directors adopted the Regional Housing Needs Plan which identified the new construction need for each community in the two counties.

The 1990 AMBAG report estimates that there will be a need for 455 new housing units in Capitola from 1989-96. This figure includes the following:

#### **Illustration #17 : New Construction Need 1989-96**

339 - Housing Units Needed for New Households

35 - Units Needed for Vacancy Need

82 - Replacement Need

**455 TOTAL NEW CONSTRUCTION NEED**

(Note: Actual total is 456 units, AMBAG document lists it as 455 units)

Source: Table 12, AMBAG Regional Housing Needs Plan, 1990

The 339 units listed as needed for new households is based on the estimated number of new household formations in Capitola from 1989-96. "Vacancy Need" is the number of new units needed in order to provide an acceptable level of vacancy that will result in a healthy housing market. Finally, "Replacement Need" is



the number of housing units needed to replace existing units that may be demolished or removed from the housing stock.

Because the AMBAG plan is based on the time period from 1989-96, it is important to account for units added to the housing stock from 1989 to 1992. Using data from the State of California, Department of Finance (Population and Housing Estimates), the total number of units in Capitola as of January 1, 1992 was 5,328 units. The baseline number for 1989 used in the AMBAG report was 5,209 units in Capitola as of January, 1989. Therefore, there were 119 units added to the housing stock from 1989 to January, 1992. These 119 units need to be subtracted from the 455 estimated need from 1989-96, resulting in a revised new construction need of 336 units.

**Illustration #:18      New Construction Need (Revised)  
1991-96**

455    1989-96 AMBAG New Construction Need

(119)   Units Added, 1989 to January, 1992

**336   REVISED NEW CONSTRUCTION NEED, 1992-96**

If the 336 estimate was divided equally over a 4.5 year period (January 1, 1992 to July 1, 1996), the number of units needed would be 75 units per year. From 1980 through January, 1991, the average number of new units added to Capitola's housing stock on a yearly basis was 47 units. In order to achieve the 74 unit/year goal, there will need to be a slightly greater than average increase (based on 1980-91 historical data) in the number of new units added to Capitola's housing stock yearly.

### **Construction Goals by Household Income Group**

After estimating new construction goals overall, the AMBAG report then divides these goals into household income group estimates. The total new construction goal is divided into goals for very low, lower, moderate and above moderate income households. (See page 8 of this Housing Element for a definition of these household income groups.) The purpose of these estimates is to encourage an equal distribution of very low, low and moderate income households throughout regional areas and to, therefore, avoid concentrations of lower income households in any single jurisdiction. In the 1990 AMBAG report, it was recognized that there was already a higher than average percentage of lower income households in Capitola. Using 1980 U.S. Census data, the AMBAG report notes that 50% of all the households in Capitola were estimated to be lower income (very low and low income households) in 1989. The 1996 goal for Capitola is that 47.6% of all households should be lower income. The 1990 AMBAG plan distributes the estimated new





## HOUSING ELEMENT

construction need using the baseline assumption that, in 1996, an estimated 47.6% of all the households should be lower income. Illustration #19 below depicts the estimated distribution of households based on these assumptions and estimates.

**Illustration #19:     Income Distribution Estimates  
City of Capitola, 1989-96**

	<i>Total</i>	<i>Very Low Income</i>	<i>Low Income</i>	<i>Moderate Income</i>	<i>Above Mod.</i>
<b>1989 Units</b>	<b>5,209</b>	1,538	1,073	1,283	1,315
<b>1996 Goals</b>	<b>5,664</b>	1,626	1,073	1,283	1,682
<b>Construction Goals, 1989-96</b>	<b>455</b>	<b>88</b>	<b>0</b>	<b>0</b>	<b>367</b>

Source: Table 20, AMBAG Regional Housing Needs Plan, 1990

The AMBAG estimates then indicate that there is a need for new housing units predominantly for above moderate income households. The 119 units added to the housing stock from 1989-92 are estimated to be units affordable to above moderate income households. **Therefore, the 367 unit estimate needs to be adjusted downwards to 248 units of housing needed from 1992-96 (367 less 119 units= 248 units).** However, the need still remains for 88 units of housing affordable to very low income households for that same time period, 1992-96.

### ***Estimate of Rehabilitation Need***

As noted in the previous section of this Housing Element on housing conditions (pages 21-23), a special survey was conducted in the Summer of 1988 to determine the need for rehabilitation/replacement of units. All single-family and multi-family units were evaluated as to condition. The results of that survey indicated



the following:

Deferred Maintenance Units	489 Units
Substandard Units, Suitable for Rehabilitation	119 Units
Substandard Units, Needing Replacement	14 Units

The estimates above indicate that approximately 14% of the units in the City at the time the survey was conducted could be classified as needing deferred maintenance or rehabilitation work (608 units total). Less than 1% of the units (14 units total) were so deteriorated that replacement rather than rehabilitation is required. Mobile home estimates are not included in these figures but, based on the City's past experience in administering a housing rehabilitation program, it can be assumed that at least 10% of the mobile home stock in the City is in need of such repair work as new roofs, upgraded electrical systems, handicap modifications and energy conservation items.

### ***Preservation/Conservation of Existing Units***

There are three areas of need in this category:

1. preserving the existing stock of affordable units that have been financed with government assisted financing,
2. conserving mobile homes as a source of affordable housing, and
3. protecting existing rental housing stock from being converted to ownership units.

#### **1. Government Assisted Affordable Units**

As described previously on pages 28-29 of this Housing Element, there are several affordable housing developments in Capitola. Two of these developments have been assisted with government financing; these are "The Pines" (also known as "Capitola Gardens") and Grace Street Apartments. The 78-unit "Pines" development is the only project that could potentially be converted to market rate housing during the 10 year period from 1991-2001, according to data from the California Housing Partnership Corporation.

This 78 unit project is located at 1710 44th Avenue in Capitola. The units are all elderly units and were originally financed with HUD Section 221 (d) (4) monies and supplemented with Section 8 rental subsidies. The project is owned by Goldrich & Kest, 5150 Overland Avenue, Culver City, California.

The Section 221 (d) (4) mortgage was originated in 1979 and is a 40 year mortgage with an 8% interest rate. Although the mortgage could be pre-paid, it is not likely that this will happen. The more significant concern is the 78 Section 8 rental subsidies. The earliest date of subsidy termination is January 10, 1994 with an option to continue for an additional 5 years (until 1999). It is expected that both HUD and the owner will agree to renewing the subsidy for the additional 5 years.





As 1994 approaches however, the City will monitor the status of this project and advocate for renewal of the subsidies.

It is important that projects such as the 78 unit elderly project be preserved. The cost of replacing these types of units would be very expensive in today's housing market. It is estimated that new construction costs for multi-family units is approximately \$85.00 per square foot (land and building costs). Using an average floor area of 800 square feet for an elderly unit, it is estimated that one elderly unit could cost \$68,000 to build. The 78 unit project noted previously then would cost an estimated \$5.3 million to replace (78 units @ \$68,000 each = \$5.3 million). The cost to acquire the units "as is" would probably be less than \$5.3 million but there would probably also be renovation and maintenance costs that would have to be added on to the sales price. Therefore, whether these units are acquired or replaced, the cost of preserving them as affordable units would be substantial. It is very important, then, that every effort be made to ensure that the existing Section 8 rental subsidies are continued and renewed for as long as possible.

If for some reason the Section 8 subsidies are not renewed, there are several local organizations that could possibly acquire or manage the 78 unit "Pines" project. Following are descriptions of three potential agencies/organizations with experience in acquiring and managing affordable housing units.

***Santa Cruz County Housing Authority:*** The Housing Authority has an excellent reputation and record for the management of very low and lower income housing opportunities. In addition to administering the Section 8 rental subsidy program as well as other HUD funded subsidy programs, the Housing Authority owns and manages housing units affordable to very low and lower income households. The Housing Authority also actively develops new housing throughout the County of Santa Cruz and works in close conjunction with local jurisdictions in managing affordable housing programs and the Mortgage Credit Certificate program. Further, the Housing Authority has extensive experience in the management of rehabilitation programs. Staff of the Housing Authority have managed the Section 8 Moderate Rehabilitation Program as well as the Housing Rehabilitation Program for the County of Santa Cruz.

***Pajaro Valley Affordable Housing Corporation:*** The Pajaro Valley Affordable Housing Corporation has been very active in recent years in developing additional housing opportunities, particularly in the south county area. The Corporation has experience developing and managing housing units for very low and lower income households. In addition, the Corporation has been very successful in securing funding for the rehabilitation or acquisition/rehabilitation of existing structures for occupancy by very low and lower income families.

***Santa Cruz Community Housing Corporation:*** The Santa Cruz Community Housing Corporation recently completed construction of a limited equity cooperative development adjacent to downtown Santa Cruz. Further, the Corporation has



been successful in assisting mobile home park residents with the conversion of their park to cooperatives. The Corporation is very active in the development of additional housing opportunities throughout the Countywide area.

Possible funding to preserve the "Pines" project should it be necessary include the City's Redevelopment Housing Set-Aside funds and possible funding from the State CDBG or HOME programs. The Redevelopment Housing fund is expected to generate approximately \$3 million in funding in future years. The City would have to apply for State CDBG or HOME funds and the amount of possible funding levies would depend on the State's allocation process at that time.

Other than the 78 unit "Pines" project, there do not appear to be any other affordable units in Capitola that are in threat of being converted to market rate housing. According to the Santa Cruz County Housing Authority, there are no Section 8 Moderate Rehabilitation, Farmers Home or CHFA (California Housing Finance Agency) units in Capitola. Further, there are no units assisted with City or Redevelopment Agency funds, according to the City Planning Department.

### **2. Conservation of Mobile Home Park Stock**

Mobile homes represent an important and valuable source of affordable housing opportunities, especially for senior households. There were 866 mobile homes in Capitola, according to 1990 Census data. These mobile homes represented 16% of the total housing stock. It is important that the City preserve these mobile home opportunities by 1) ensuring that the mobile home parks in which they are located are not converted to other uses, 2) actively assisting in the purchase of the parks by the mobile home residents, 3) encouraging maintenance and rehabilitation of the existing mobile home units and, 4) continue to implement the mobile home rent stabilization ordinance.

### **3. Protecting Existing Rental Housing Stock**

Rental units are an important part of a community's housing stock, primarily because they usually are more affordable than owner-occupied housing units. It is important that rental units, especially multi-family apartment units, are available in a housing market so that there are a variety of housing opportunities for very low and lower income households in particular. Priorities for the City in preserving the rental housing stock include preventing conversion of multi-family apartments to condominiums through the Condominium Conversion Ordinance and supporting the Section 8 Rental Subsidy program (operated by the Santa Cruz County Housing Authority) in advocating more Section 8 rental subsidies to meet the City's needs.





### HOUSING CONSTRAINTS

In planning for the provision of housing, constraints to housing development must be recognized. These constraints affect the production of new housing as well as the maintenance and improvement of existing housing. Below is an analysis of both governmental constraints and non-governmental (market) constraints that could affect housing in Capitola.

#### ***Governmental Constraints***

Governmental regulations, while intentionally regulating the quality of development in the community, can also unintentionally increase the cost of development and thus the cost of housing. These governmental constraints include land use controls, building codes and their enforcement, site improvements, fees, and other exactions required of developers, and local processing and permit procedures. Land use controls may limit the amount or density of development, thus increasing the cost per unit. Site improvements like traffic signals on adjacent streets or sewer improvements may increase an individual project's costs of development. Processing and permit requirements may delay construction and increase financing costs of a development. The following describes governmental constraints which may affect the cost of housing in Capitola.

#### ***Land Use Controls and Infrastructure Capacity***

The City's General Plan and Zoning Ordinance provide for a range of housing types and densities. Residential uses are allowed in a variety of zoning categories, including the traditional R-1 (single family residential uses), medium and high density zones, and zoning designations exclusively for mobile homes. Residential uses are also a permitted use in the "CR" Commercial Residential Zone as well as in the residential overlays of the "CV" Central Village area. Densities range from an average of 8.5 units per acre in the R-1 zone to 10-20 units per acre in the medium and high density residential zones.

The most significant land use constraint in Capitola affecting new residential development is the lack of available land. Capitola is "landlocked" and will probably not experience significant new growth because of this situation. The community of Capitola is bordered by the Monterey Bay and Pacific Ocean on one side and Highway One and Soquel Village on the opposite side. New Brighton State Beach and the unincorporated area of Live Oak surround Capitola to the east and west. Therefore, the only land that is available for new residential development is existing vacant or underdeveloped parcels within the City. Please see the discussion beginning on page 39 for a description of the status of vacant/underdeveloped parcels in the City.



In regard to infrastructure, there are no significant issues concerning the capacity of the City's water and sanitation lines. Santa Cruz County Sanitation District services Capitola and has indicated that there are no current capacity problems. The District does recognize the need to upgrade and replace deteriorating lines and has replaced and relocated lines along the Riverview Avenue and Soquel Creek area. However, in terms of additional capacity for new units, there are no constraints at this time regarding sanitation facilities. In regards to water capacity, the majority of City residents are provided water service through the Soquel Creek Water District. The District has completed a 10 year Master Plan which will address future maintenance and operation needs. However, at the present time, there are no constraints to the provision of water service to new residential customers. A small portion of the City (primarily the City neighborhoods west of 41st Avenue) is provided water service through the City of Santa Cruz Water Department. The City is currently and has in the past experienced significant capacity problems, especially during periods of drought. At the present time, however, there are no restrictions on additional water hook-ups to the City's system.

### **Building Requirements and Governmental Fees**

In regards to on and off site improvements, the City of Capitola requires improvement standards that are similar and no more exacting than other communities in the County. The Building Department utilizes the Uniform Building Code as its guideline for construction activities. One area of concern in regards to building codes is the frequency of illegally built units in the City's housing stock. Although there are no specific estimates on the number of these units, it is common knowledge that there are units in the City which have been built or converted illegally for residential use. In revising the Housing Element during the 1989 General Plan Update, a consensus was reached to develop a program to address these illegal units. In recognition of the needs of existing tenants in these units, however, it was decided that a condition of the program would be that the owner of the unit be required to provide relocation assistance to the tenants to assist them in locating substitute housing. In addition, the program will operate on a "complaint only" basis. City staff anticipates that no more than **3 units per year** will be investigated and possibly abated.

Regarding governmental fees, potential land development within the City of Capitola is subject to direct fees imposed by the City itself, fees imposed by the City on behalf of other governmental agencies, and/or fees imposed directly by another governmental agency within the City boundaries. These fees are imposed for the purpose of offsetting capital expenditures to accommodate development or for defraying the City's cost of reviewing a development proposal and providing required permits, plan checks and inspections. Listed on the following page are the typical fees for a single family unit of approximately 2100 square feet (1700 square feet of living area and 400 square foot garage).





**Illustration # 20: Typical Governmental Fees**  
**City of Capitola, 1991-92**  
 (Single Family Residential Unit )

Planning Fees	\$100.00
Zone 5 Fees	\$290.00 *
Sanitation	\$3000.00 *
Water	\$4322.50 *
Building Permit	\$699.00
Plan Check Fee	\$454.35
Seismic Measurement Fee	\$8.19
School Impact Fee	<u>\$2601.00 *</u>
<b>TOTAL FEES</b>	<b>\$11,475.04</b>

\* These fees are imposed by outside agencies and are not controlled by the City.

**Notes:**

- a) Zone 5 fees are based on 1000 square feet of impervious surface @ \$0.29/square foot
- b) Water fee is an average cost based on \$4330.00 for City of Santa Cruz water meter and \$4315.00 for Soquel Water District meter.
- c) Plan check fee and Seismic Measurement Fee are part of Building Permit process.
- d) If a Coastal Permit fee is required, an additional \$100.00 will be collected.

### Processing Time

The City's processing time for residential developments is minimal in comparison to other California communities. The total time to process an application ranges from 10 to 14 weeks, which includes review by both the Building and Planning Departments. If the proposed development is located in the Coastal Zone, then obtaining a Coastal Permit can take between 10 days to 2 months.

### Land Availability (Vacant and Underdeveloped Land)

There are two types of land parcels within the City which could provide additional housing: vacant/underdeveloped parcels and small lot replacements.

The first category, vacant/underdeveloped parcels, includes land within the City that is either vacant or has structures on the property but could accommodate additional development. During the summer of 1991, the City Planning Department conducted a survey of all vacant parcels and parcels suitable for additional



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development within the City limits. (Only land within the City was considered in this survey because there are no potential land areas adjacent to the City which could be annexed or considered within the City's sphere of influence.) The results of that survey indicated that approximately 81 permanent and 5 "visitor serving" units could be provided on vacant/underdeveloped land at existing (1992) zoning and land use designations. Upon further examination of these parcels, it was apparent that some of the parcels could be proposed for re-zoning and re-classification of land use to a higher residential designation. Approximately 12 of the total 41 parcels would be suitable for higher density use and would yield approximately 172 additional units, resulting in a total potential of 253 permanent units and 5 "visitor serving" units. Please see pages 63-68 of this document for a complete inventory of the vacant/underdeveloped parcels and a description of those parcels suitable for higher residential development.

The second category noted on page 39, "small lot replacement," is unique to older, coastal and tourist communities such as Capitola. Historically, there were many lots created in Capitola which were very small (40 x 80 average size). In order to build a reasonably-sized home, many of the original houses were built on 2 lots. If the original house is demolished, two units could theoretically replace it. The maximum number of possible additional units that could be created if this occurred would be 166 units, based on the following units generated by neighborhood:

Jewel Box	43 units
Cliffwood Heights	42 units
Riverview Terrace	36 units
Capitola Avenue	13 units
Depot Hill	<u>32 units</u>
	<b>166 additional units</b>

While it is possible that some of these additional units could be developed, it is not reasonable to expect that all of these parcels will be developed in that manner. Most of the original residences that were built on two lots are in excellent condition and are not likely to be replaced. Historically, 3-4 additional units are built annually on these parcels. As land availability diminishes in Capitola, it is likely that there will be increased interest in small lot replacement units and it is estimated that the number of units added could increase to approximately 5-11 units per year, or a maximum of 55 units from 1992-96.

### **Illustration #21: Potential Additional Residential Units City of Capitola, 1992-96**

Small Lot Replacement	55 units
Vacant/Underdeveloped Parcels	<u>253 units</u>
<b>TOTAL POTENTIAL UNITS</b>	<b>308 units**</b>

*\*\* Please note: Total does not include additional units that may be generated from "Second Units."*





## **Market (Non-Governmental) Constraints**

There are a number of costs involved in the development of housing. These include land and construction costs, site improvements (streets, sidewalks, etc.), sales and marketing, financing, and profit. Because these costs are so "market-sensitive," it is difficult for a local governmental body to reduce them in any way. Factors such as the actual square footage cost of building a residential unit are usually a function of labor and materials cost at the time that the unit is built. Suitable vacant residential land is so limited in the City that the scarcity becomes a factor in driving up the cost of any land remaining.

In regards to financing costs, there are no constraints in regards to the availability of construction and permanent loans for residential activities. Local financial institutions reported an availability of funds for construction activities when this Element was prepared in 1991. In addition to conventional loans, there are lending institutions in the Capitola area that offer a variety of "non-conventional" loans (i.e. "high risk" loans, 90-95% loan to value ratios, etc.). Interest rates in the Fall of 1991 were at the lowest that they had been since the early 1970s. Fixed rate, conventional mortgages with 30 year terms were in the low 8% range. Adjustable and convertible mortgages were priced at interest rates beginning at 5% and 6%.

The City also participates in the County's Mortgage Credit Certificate program which assists first time homebuyers in securing financing. During 1990-91, the Housing Authority reported that 8 Capitola households had participated in the Mortgage Credit Certificate program.

## **Development Costs**

It is becoming more and more difficult to purchase owner-occupied housing due to escalating housing costs. New construction is especially expensive.

One of the more recent new construction developments in the City was the Deanes Lane subdivision. This 56 unit subdivision was sold as improved lots to individual builders and homeowners. As of Fall, 1991, there were still some lots that remained vacant and undeveloped. The average 6000 square foot lot in this subdivision was selling for \$110,000 - \$115,000 in 1989-90. Following are estimated costs for developing a single family home on one of the lots by a developer.

### **Illustration #22: New Single Family Residential Development Cost Estimate**

<b>\$112,500</b>	<b>-</b>	<b>Average Lot Cost</b>
<b>\$161,000</b>	<b>-</b>	<b>Construction Cost (2300 sq. ft. @ \$70/sq. ft.)</b>
<b>\$ 11,424</b>	<b>-</b>	<b>Average Permit and Fee Costs</b>
<b>\$ 42,738</b>	<b>-</b>	<b>Overhead, Marketing and Profit (15% of Cost)</b>
<b>\$327,662</b>	<b>-</b>	<b>TOTAL COSTS</b>





The total cost of \$327,662, as shown in Illustration #22 on the previous page, is only an estimate. The actual cost could, of course, vary depending on actual construction costs, project amenities, additional site development work, and other factors. In any case, the cost of developing a new single family home is still very expensive in today's housing market.

In regard to multi-family housing, land costs can range from \$40,000 up to \$90,000 or more per unit (\$65,000 per unit would be a mid-range estimate). Estimated multi-family construction costs vary from \$35-\$75 per square foot, depending on labor and material costs. Approximately \$55 per square foot would be a mid-range estimate. Illustration #23 below illustrates the cost of a typical multi-family attached unit in the Capitola area.

**Illustration #23:     New Multi-Family Residential  
Development  
Cost Estimate per Unit**

<b>\$ 65,000</b>	<b>Land Costs (Multi-family, improved lot, mid-range estimate, all development fees paid)</b>
<b>\$ 71,500</b>	<b>Construction Costs (1,300 sq. ft. @ \$55/ft.)</b>
<b><u>\$136,500</u></b>	<b>Land and Construction Costs</b>
<b>+    <u>\$ 27,300</u></b>	<b>Overhead, Profit and Financing Costs (20%)</b>
<b><u>\$163,800</u></b>	<b>Total Development Cost Per Unit</b>

If the hypothetical multi-family unit above was a townhouse or condominium for sale to an owner-occupied household, the average potential homebuyer would need to have an annual income of approximately \$41,000 per year. This figure was calculated assuming that the homebuyer secured a 30 year term, 8.5% interest rate mortgage for 80% of the purchase price of \$163,800. It also assumes that the homebuyer pays no more than 35% of their gross monthly income for their mortgage payment (principal and interest), taxes and property insurance.

The \$41,000 annual income would qualify the average 4-person household as a "moderate income" household, according to the income definitions as described on page 8 of this document. However, the average 4-person very low or lower income household would not have sufficient income to afford this "typical" multi-family unit.





## REVIEW OF 1989 HOUSING ELEMENT

State Housing Element Guidelines suggest that communities evaluate their previous Housing Elements according to the following three criteria:

- Effectiveness of the Element,
- Progress in Implementation, and
- Appropriateness of Goals, Objectives and Policies

The City's most recent Housing Element was adopted in 1989. The 1989 Housing Element was completed in conjunction with the update of the City's General Plan. In order to comply with the schedule established by the State of California, Department of Housing and Community Development, Capitola was required to update the Housing Element again in 1991-92. Therefore, the review that follows is an evaluation of the 1989 Housing Element. It should be noted, however, that only two years has elapsed between that Element's adoption and this evaluation. Two years is a brief period of time in which to measure progress, especially in relation to housing activities. Therefore, where appropriate, reference is made in this section to actions that may have occurred prior to 1989 and within the 1984-89 time period of the previous Element. In this way, a more long-term review and evaluation of the progress made and indications for future activities can be made.

### ***Housing Needs and Goals Identified in the 1989 Housing Element***

The 1989 Housing Element discussed the objectives for 1989-91 for new construction, rehabilitation of existing units and regional fair share needs. In addition, the Element also identified four housing goals and 22 programs to address those goals and objectives. Each of these areas are discussed below.

#### **1. New Construction**

A discussion of Capitola's new construction goals is located on pages 43-44 of the 1989 Housing Element, Technical Appendix. Originally, AMBAG had estimated that 609 new housing units were needed from 1984-91 to accommodate Capitola's share of the new construction need in the region. However, the 609 figure was re-evaluated by the City in light of the following factors:

- a) When the AMBAG estimate of 609 units was originally prepared, it was assumed that Capitola could annex land in Live Oak. However, the Santa Cruz County Redevelopment Agency has included most of the Live Oak area in its Redevelopment District and, therefore, there does not appear to be any possibility that this land will be annexed to Capitola.



b) There are very few parcels of vacant land in Capitola. In particular, there are only a limited number of vacant parcels suitable for residential development.

Because of the reasons noted above, the 1989 Housing Element estimated that the maximum number of new units that could be expected between 1988-91 would be 176 units. This number includes the following:

50 units: Second Unit Program

39 units: Additional Units Built on Underdeveloped parcels

87 units: Units Built on Vacant Parcels

**176 Units: TOTAL UNITS POSSIBLE, 1989-91**

According to data from the State of California, Department of Finance (Population and Housing Estimates), the number of housing units in the City as of January 1, 1991 was 5,316 units, an increase of 120 units from the January 1, 1988 housing unit total of 5,196 units. From January 1, 1991 to October 1, 1991, there were a total of 7 building permits issued by the City for residential units. Therefore, the total number of units added to the housing stock from 1988 through October, 1991 was 127 units. This represents 72% of the total housing need of 176 units.

### **2. Fair Share Regional Need**

AMBAG's 1984 report indicated that the City of Capitola had slightly more than its "fair share" of very low and low income households. The 1989-91 objective for Capitola was to "reduce its share of lower income households and increase the number of moderate and above moderate income households in the community" (Page 45, 1989 Housing Element Technical Appendix). The intent of the City was to conserve the affordable units in the housing stock while providing opportunities for market rate housing to be constructed. Through the continued implementation of ordinances such as the Rent Stabilization Ordinance for Mobile Home Parks, the Condominium Conversion Ordinance and the Mobile Home Park Conversion Ordinance, the existing affordable opportunities provided by those units was conserved.

### **3. Rehabilitation Need**

The 1988 citywide housing survey of housing conditions identified that 187 units in the City were in need of rehabilitation and another 14 units were in need of demolition. In 1989, however, the Loma Prieta earthquake resulted in additional housing units being damaged in Capitola. The County Administrative Office reported that there were 3 units demolished in Capitola as a result of the earthquake; 6 units and 35 mobile homes suffered "major" damage (that is, repairs in excess of \$10,000 were needed) and another 1,740 dwellings and 74 mobile homes





had minor damage. Many of these units have been privately repaired by their property owners since the earthquake. The Planning Department reports that, from January 1, 1988-October, 1991, their records indicate that approximately 27 units have been rehabilitated and 9 units demolished and replaced.

#### **4. Goals and Housing Programs**

The 1989 Housing Element identified the following four overall goals and 22 programs to address those goals.

##### ***Goal #1. Maintain and preserve existing housing stock***

###### *Program #1: Housing Rehabilitation*

Until 1984, the City administered a housing rehabilitation program to assist lower income occupants with the rehabilitation of their housing units. The 1989 Housing Element had identified as a goal that the City would once again develop a housing rehabilitation program and, also, encourage privately funded rehabilitation of housing units.

There have been 27 units rehabilitated through private funds (i.e. property owners' own financing). Some of this rehabilitation work was precipitated by the damage caused by the 1989 Loma Prieta earthquake and other work was the correction of deferred maintenance items.

Due to time constraints and changes in staffing in the Planning Department, the City has not yet been able to develop a housing rehabilitation program. The establishment of this program will be one of the primary housing objectives for the 1991-96 time frame.

###### *Program 2: Condominium Conversion Ordinance*

This program has been effective in preventing conversion of multi-family units to condominiums. There have been no new conversions since 1985. Should a multi-family structure of 5 or more units be converted to condominiums in the future, the ordinance requires that at least 15% of the units be reserved for low income households and another 20% of the units be available to moderate income households.

###### *Program #3: Illegal Unit Abatement Program*

The Abatement Program is conducted on a "complaint-generated" basis. During 1990 and 1991, two units in the City were abated because of unsafe living conditions. The City is currently (1992) reviewing policies regarding illegal units and a summary of those draft policy issues is provided on page 70 of this document.

###### *Program #4: Maintain Existing Mobile Home Parks*

The City has continued to maintain the existing zoning (MHE) of mobile home parks in the City. In addition, the City has adopted a "Mobile Home Conversion Ordinance." The Conversion Ordinance contains specific guidelines regarding the



conversion of mobile home parks to a use other than mobile home park. The ordinance requires that any conversion application demonstrate that the benefits of the conversion outweigh the detrimental effects, specifically effects such as "the loss of low and moderate income housing." The only conversion that has occurred since 1984 was the City's acquisition of 24 mobile home spaces to accommodate the new City parking lot behind the Civic Center complex. The City did not require any of the residents to move; rather, residents were told that they could live in their units as long as they wanted. As spaces became available in the lower level of the park (which was unaffected by the parking lot construction), existing tenants in the 24 spaces moved into those vacant spaces. Some of the existing tenants also moved into other mobile home parks in the community or decided to move out of the area. Therefore, no relocation of tenants was necessary.

### *Program #5: Review Setback Regulations*

In 1989, the City adopted new zoning regulations which established height and setback requirements for single family homes and village development. The new requirements were designed to respect the unique and historical character of the Capitola community. The regulations do not constrain residential development but rather provide flexibility for both new and existing structures. For example, side yard setbacks in the Village area can be reduced to 0-3 feet with certain conditions, rear yard setbacks can also vary from 5-10 feet with certain conditions.

### *Program #6: Support provision of Weatherization and Energy Conservation Programs*

The City has continued to support private and public groups that provide weatherization and energy conservation information and resources.

## **Goal #2: Preserve and Encourage Affordability of Housing**

### *Program #7: Rent Stabilization Ordinance*

The Rent Stabilization Ordinance regulates rent increases in mobile home parks and preserves the affordability of the mobile homes, especially for elderly residents. The City has continued to implement the Rent Stabilization Ordinance for mobile home parks and it is expected that the Ordinance will remain in effect during the 1991-96 planning time frame.

### *Program #8: Mobile Home Park Conversion*

In 1990-91, the City provided information to residents of the Brookvale Terrace mobile home park regarding tenant ownership and conversion options. As of late 1991, the tenants were still negotiating with the owner of the property. The City continues to provide information and assistance to all tenants of mobile home parks who are interested in conversion possibilities.

### *Program #9: First Time Homebuyers Program*

The City has been unable to implement this program due to insufficient staff resources. The City intends to evaluate the feasibility of this program during the 1992-96 time frame of this Housing Element.





*Program #10: Affordability Restrictions for Rehabilitation Program*

As noted previously, the City has not yet developed a housing rehabilitation program. When developed during the 1992-96 time frame, the program will include restrictions that insure the affordability of housing units after rehabilitation.

*Program #11: Mortgage Credit Certificates*

The City continues to participate and support the Mortgage Credit Certificate program which is administered by the Santa Cruz County Housing Authority. In 1990-91, approximately 8 certificates were issued to Capitola households.

*Program #12: Regulate Conversion of Existing Units to Short Term Vacation Rentals*

The City's zoning regulations in the residential district do not allow short term rental. Short term rental is limited to commercial zones only. This policy is designed to maintain the existing housing stock for permanent residential use.

*Program #13: Redevelopment Housing Fund Strategy*

The City allocated approximately \$1 million dollars from its housing set aside fund for the purchase of the Wharf Road property. It is expected that 17 affordable housing units will be built on this site. In the 1992-96 time frame, the City will continue to develop programs that will utilize the Redevelopment housing monies.

### ***Goal #3: Encourage a Variety of Housing Types and Prices***

*Program #14: Second Unit Ordinance*

The City is in the process of developing a Second Unit Ordinance and anticipates to have it completed by Spring, 1993.

*Program #15: Mixed Use*

In 1985 the City created a new zoning category, "Commercial-Residential" that allows both commercial and residential uses in the Village area, Capitola Road and Capitola Avenue. This zoning category relieves the pressure to convert existing residential units to commercial uses and provides guidelines for maintaining a balance between commercial and residential uses in these neighborhoods.

*Programs #16 and 17: Local Coastal Program (LCP) Policies*

These programs reflect policies in the LCP and were implemented and completed in 1988.

*Program #18: Study of Underdeveloped and Vacant Parcels*

This study was completed during the Summer, 1991. The results of the study are reviewed on pages 39-40 of this Element.



### **Goal #4: Special Need Households**

*Program #19: Support Shared Housing Opportunities, especially for elderly households.*

The City has supported the work of Senior Network Housing Program in providing shared housing opportunities. The Senior Network Housing Program reported that 16 households were matched in Capitola from July 1, 1989 to September, 30, 1991. Of the total 16 households, 14 were senior households.

*Program #20: Encourage modifications to improve the physical environment for physically challenged individuals.*

The City continues to require that all new projects and substantial remodeling provide modifications and access for physically impaired individuals.

*Program #21: Cooperate with other Agencies providing services to homeless.*

Capitola continues to participate with other jurisdictions and agencies in the County. In November, 1991, the City Council adopted the "Coordinated Countywide Effort to Assist the Homeless," a comprehensive policy and program strategy. Please see page 17 of this Housing Element for additional information on this strategy.

*Program #22: Continue to utilize services of Santa Cruz County Housing Authority to provide fair housing information and counseling.*

Fair housing information and referrals continues to be provided through the Santa Cruz County Housing Authority for County residents, including City of Capitola residents.

### **Appropriateness of Goals, Objectives and Programs**

One of the more significant reasons for evaluating the progress of the previous Housing Element is to determine whether it is appropriate to continue the goals, policies and objectives of that Element into the future planning period. In evaluating the 1989 City of Capitola Housing Element, it appears that it is very appropriate to continue the goals, policies, objectives and programs for two reasons in particular. These reasons are, 1) the housing market has not changed significantly since 1988-89 and, consequently, the housing needs are similar in 1992 to what they were in 1989, and 2) the goals, policies, objectives and programs developed for the 1989 Housing Element were the result of a significant public participation effort and represent a consensus of opinion in regard to appropriate public action to address housing needs.





Regarding the first reason noted above, the housing market in Capitola is basically the same now (1992) as it was in 1988-89 when the Housing Element was adopted. The number of units in the housing stock increased by less than 4% during the two year period and the number of households increased by only 59 households (4,661 households as of January 1, 1988 as compared to 4,720 households as of January 1, 1991). The population also increased modestly from 10,200 persons in 1988 to 10,299 in 1991. This data indicate that there were only minimal changes in the population and housing stock since 1988-89. The housing needs in 1992 remain basically the same as they were in 1988-89 when the 1989 Housing Element was adopted.

The most significant event that did occur during this period of time was the 1989 Loma Prieta earthquake. According to information prepared by the Santa Cruz County Administrative Office, there were 3 dwelling units destroyed by the earthquake in the City of Capitola and another 6 dwelling units and 35 mobile homes that sustained major damage (i.e. damage greater than \$10,000). Most of these units have been repaired through private rehabilitation efforts and, of the 3 units demolished, 2 have been replaced and 1 is in the process of being replaced. The earthquake served to highlight the need for rehabilitation assistance for many of the older structures in the community. The City plans to assist in establishing a housing rehabilitation program and will work with the Santa Cruz County Housing Authority in utilizing funds that provide assistance, such as the Section 8 Moderate Rehabilitation funds received by the Authority for 1991-92.

The second reason identified above is very important because it demonstrates the importance of public participation in the development of a Housing Element. The 1989 Housing Element was revised in conjunction with the update of the City's General Plan. As part of that process, a citizens committee was appointed by the City Council and held approximately 19 meetings from April, 1988 through June, 1989 reviewing all General Plan materials and documents. During three of those meetings, the committee reviewed and discussed the Housing Element. There was significant discussion by the committee, the Planning Commission and the City Council in regard to the goals, policies and programs to be included in the Housing Element. The 1989 Housing Element, therefore, represents a thorough community analysis and discussion of housing needs and program actions to address those needs. Since it has been only two years since those needs and programs were identified, it is important to carry on the original intent of the citizens and continue the programs through the next planning period in order to have maximum effectiveness.



## HOUSING NEEDS, GOALS, OBJECTIVES AND PROGRAMS, 1992-1996

### *Summary of Housing Needs*

Based on information presented in the previous chapters of this document, the following is a summary of the more critical housing needs in Capitola for the planning period from 1992-1996.

#### **New Construction:**

The new construction need is based on the regional housing need as estimated by AMBAG (Association of Monterey Bay Area Governments) in their 1990 document, "Regional Housing Needs Plan." AMBAG has projected that Capitola's share of the region's new construction need is 455 new housing units from 1989 to 1996. After accounting for new units added to the housing stock from 1989 to 1992 (see discussion on pages 31-32 of this document), **there is a remaining need of 336 units from January 1, 1992 to July 1, 1996.** It should be noted that this figure is based on an expected new household increase of 339 households in Capitola from 1989-96. However, in recent population draft estimates (early 1992), AMBAG has revised their estimate of Capitola's expected growth. Preliminary draft estimates indicate that Capitola's population is expected to increase by only 29 persons from 1990-95, resulting in 15 new households. Therefore, while this Housing Element is required to use AMBAG's 1990 estimates, it should be noted that these estimates are being revised, and preliminary data indicate a significant decrease in expected household growth.

The City Planning Department conducted a survey of vacant and underdeveloped parcels in the City during the summer of 1991. That survey indicated that there was the potential for 81 additional units at existing zoning and 172 more units if certain parcels were rezoned to higher density residential use. This would then result in a total of 253 new units on vacant/underdeveloped parcels. Further, there is the potential for a maximum of 55 units on "small lot replacements." (Please see more detailed discussion on these estimates and the rationale used on page 40 of this Housing Element.) Therefore, there is a potential for 308 additional units (253 units + 55 units = 308 units). Further, the City expects to complete its "Second Unit Ordinance" by Spring, 1993 and it is anticipated that this program could generate an additional maximum of 6 units per year (30 total units in the 1992-96 time frame). Therefore, it appears that, with rezoning of property to higher density use, "small lot replacements" and the initiation of the Second Unit program, the City of Capitola will have sufficient land available for the new construction need of **336 units** from 1992-96, as estimated in the 1990 AMBAG document.





### **New Construction by Household Income Group**

In addition to estimating new construction overall, AMBAG also provided estimates of the breakdown of new units according to household income groups. AMBAG has estimated that the majority of the new units provided in Capitola should be directed to households of above moderate income (see discussion on pages 32-33 for explanation of AMBAG estimates). Therefore, the 336 units identified previously is broken down into 248 units for above moderate income households and 88 units for very low income households.

During the 1992-1996 planning period, the City of Capitola Redevelopment Agency is projecting that 17 units affordable to very low income senior and family households will be built on the Wharf Road site. The City already owns the land and has negotiated a long-term land lease with the Santa Cruz County Housing Authority for the development of the units.

Further, if parcels are rezoned to higher density residential use as identified in the 1991 City survey, approximately 165 units could be generated on parcels re-zoned to RM-HH (multi-family, maximum of 30 units/acre). Developments at these density ranges could provide housing suitable for lower income households.

### **Rehabilitation Need**

The 1988 survey of the Capitola housing stock indicated that 119 units in the City were substandard and suitable for rehabilitation. Another 489 units were identified as "deferred maintenance," needing minor repairs. There were 14 units that were determined to be so substandard that replacement rather than rehabilitation would be necessary. The 1988 survey did not evaluate the condition of the City's mobile home stock. Based on past experience, the City estimates that 10% of its mobile home stock would be in need of repair work. Of the City's total 866 mobile homes, this would indicate that 87 mobile homes are in need of rehabilitation. For the 1992-96 time period, the City estimates that 150 units will be rehabilitated; 125 units through private actions and 25 units due to a City administered rehabilitation program. The City intends to evaluate the potential for acquiring existing multi-family structures (i.e. four-plex structures), rehabilitating them and then providing affordable housing opportunities for City residents.

### **Preservation/Conservation Need**

During the 1992-96 planning period, the City will monitor the status of "The Pines," a 78 unit project financed with HUD funds. In January of 1994, there is the possibility that the HUD Section 8 rental subsidy could be terminated. The City will make every effort to ensure that the subsidy option is renewed and the Section 8 rental subsidies continued.

The City will make every effort to assist the Salvation Army in the conversion of their apartment complex on Bay Avenue ("Silvercrest") to lower income occupancy. The Salvation Army purchased this existing apartment complex in 1991 with the objective of converting it to affordable housing units. At the time that the Salvation Army acquired the structure, the 95 unit complex of one and two bedroom



## HOUSING ELEMENT

apartments was being rented at "market rents" of \$750 - \$850 per month. Through attrition as existing tenants move and vacate the units, the Salvation Army will be replacing them with households that qualify as very low and lower income. In the Fall of 1991, the Salvation Army project manager reported that several units had already been re-occupied by very low income households in which the new affordable rent was \$350 or \$400 per month. Therefore, as old tenants vacate the building and new qualified lower income tenants move in, the Silvercrest project will result in the conversion of market rate rentals to affordable housing units.

In addition, the City intends to protect the approximately 600 multi-family, rental units which are considered "non-conforming" structures, according to existing zoning regulations. These structures were given a 50 year life in 1969, which meant that they were expected to be demolished by 2019. The City expects to revise its non-conforming regulations to eliminate the amortization period. In addition to revising these regulations, the City will continue to administer ordinances that protect and preserve its mobile home stock and rental units stock. Specifically, these ordinances include the Rent Stabilization Ordinance, the Mobile Home Park Conversion Ordinance and the Condominium Conversion Ordinance.

***Based on the needs identified above, following are the objectives for the 1992-96 time frame of this Housing Element.***

<b><i>New Construction Objectives (1992-96)</i></b>	
<b><i>Very Low Income</i></b>	<b><i>88 units ( Includes 17 units on Wharf Road )</i></b>
<b><i>Low Income</i></b>	<b><i>-</i></b>
<b><i>Moderate Income</i></b>	<b><i>-</i></b>
<b><i>Above Moderate</i></b>	<b><i><u>248 units</u></i></b>
<b><i>TOTAL</i></b>	<b><i>336 UNITS</i></b>
<b><i>Rehabilitation Objectives (1992-96)</i></b>	
<b><i>Very Low Income</i></b>	<b><i>12 units</i></b>
<b><i>Low Income</i></b>	<b><i>13 units</i></b>
<b><i>Moderate Income</i></b>	<b><i>125 units</i></b>
<b><i>Above Moderate</i></b>	<b><i>-</i></b>
<b><i>Preservation/Conservation (1992-96)</i></b>	
<b><i>Very Low Income</i></b>	<b><i>12 units (Grace Street)</i></b>
<b><i>Low Income</i></b>	<b><i>93 units (Silvercrest), 78 units ("Pines"), 20 units (Cliffwood Hts. Neighborhood Manor)</i></b>
<b><i>Moderate Income</i></b>	<b><i>1,272 rental units (including 600 units currently allowed as "non-conforming") 866 mobile homes</i></b>





### ***Housing Goals, Policies, and Programs***

The information in the previous chapter (Chapter 7: "Evaluation of the 1989 Housing Element") describes the progress to date in achieving some of the goals and objectives as identified in the 1989 Housing Element. As discussed on pages 48 and 49 of that Chapter, the 1989 Housing Element was only two years old when this 1992 Housing Element was developed and many of the programs had not yet had an opportunity to be implemented. The housing market in Capitola has remained basically the same from 1989 to 1992 and there are still the same type of needs in regards to housing. In addition, there was extensive public participation in formulating goals and objectives for the 1989 Housing Element and the action programs developed were the result of community consensus and agreement. Therefore, it is appropriate to continue the direction of the 1989 Housing Element and to build on the philosophy and programs that were identified in that document. The four housing goals from the 1989 Housing Element are still very appropriate to continue in the 1992 Housing Element as well as a majority of the housing programs.

Listed below and on the following page is a list of the 4 housing goals and relevant policies that will be continued during the 1992-96 time frame. Following that are descriptions of housing programs designed to address the needs, goals and policies identified previously. While a specific housing program may (and usually does) address more than one goal, for organizational purposes the housing programs are listed according to the particular goal to which it is most pertinent.

**Goal #1: Maintain the exiting housing stock and protect neighborhoods from activities or conditions that are unsafe or unhealthy.**

**Policy 1A:** *Preserve the existing number of residential units in the City by requiring one for one replacement of any standard unit removed from the housing stock.*

**Policy 1B:** *Encourage the maintenance and repair of the City's existing owner occupied and rental housing supply to prevent deterioration of housing.*

**Policy 1C:** *Encourage the rehabilitation of substandard and deteriorating units.*

**Policy 1D:** *Encourage the removal and replacement of substandard units which cannot be rehabilitated.*

**Policy 1E:** *Monitor on an annual basis residential demolitions and conversions so that viable housing opportunities are not lost.*

**Policy 1F:** *Ensure that all new construction and substantial rehabilitation is compatible with the existing scale and architectural character of the surrounding neighborhood.*

**Policy 1G:** *Continue the mobile home zoning classification of existing mobile home parks in the City.*



**Goal #2: Maintain existing affordable housing opportunities in the City as well as encourage new opportunities through construction of new units or rehabilitation of existing units.**

**Policy 2A:** Monitor and require the continued affordability of units which are constructed or rehabilitated with public funds.

**Policy 2B:** Encourage and assist, where feasible, private, non-profit and public developers of housing designed to assist low and moderate income households.

**Policy 2C:** Continue implementation of City Ordinances, such as the Rent Stabilization and Condominium Conversion Ordinances, which preserve and protect affordable housing opportunities.

**Policy 2D:** Assist mobile home park residents with conversion of parks to affordable, cooperative ownership structures.

**Policy 2E:** Preserve housing opportunities by monitoring the conversion of existing housing units to short term vacation rental properties.

**Goal #3: Encourage a variety of housing types, prices and tenure in the community and ensure that all people have equal access to housing.**

**Policy 3A:** Encourage and provide incentives for all new residential developments to include a variety of unit type and prices.

**Policy 3B:** Ensure that all persons regardless of their ethnic, racial, religious background, marital status, age, sex or physical handicap have equal opportunity to obtain housing.

**Goal #4: Encourage the provision of housing for households with special needs.**

**Policy 4A:** Strive to provide housing that is accessible to physically challenged individuals.

**Policy 4B:** Recognize that there are households with special needs in the City and encourage the provision of housing that will meet those needs whenever feasible.





### Goal #1: Maintain and Preserve Existing Housing Stock

**Program #1 -** The City will encourage the rehabilitation of existing housing stock through both private and public actions. Individual property owners will be encouraged to obtain financing and manage the private rehabilitation of their residential units.

The City will also develop and implement a housing rehabilitation program to assist property owners in the repair and maintenance of their housing units. Low and moderate income households will be the prime beneficiaries of the program and both rental and ownership units will be eligible for assistance as well as mobile homes.

As part of the City's housing rehabilitation program, the City will investigate the feasibility of rehabilitating small, existing multi-family structures (i.e. four-plex buildings) and converting them to permanent, affordable units.

**Objective:** 25 Units (5 units annually) Public Funded  
Housing Rehabilitation Program  
125 Units (25 units annually) Private Funded  
Rehabilitation

**Target Date:** 1992-93: Establish Housing Rehabilitation  
Program (Publicly Funded)  
1992-96: Implement Program

**Responsible Party:** City Staff

**Funding:** (1) Repayments of Housing Rehabilitation Loans  
from Past Program Years  
(2) Redevelopment Housing Set Aside Funds

**Program #2 -** The City will continue to implement the Condominium Conversion Ordinance. The ordinance will be continued as long as there is a need to preserve the City's rental apartment stock and prevent displacement of tenants.

**Objective:** Preserving the City's existing stock of approximately  
1272 rental units in structures of 5+ units

**Target Date:** Ongoing

**Responsible Party:** City staff and City Council



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- Program #3 -** The City will revise its non-conforming regulations to prevent the loss of existing multi-family structures. It is estimated that there are approximately 600 units which are located in multi-family structures which were built prior to existing zoning regulations and are currently allowed as non-conforming uses. In 1969, these structures were given a 50 year life, which meant that they were required to be demolished by 2019. The City intends to revise its non-conforming regulations to eliminate this amortization period.
- Objective:** Preservation of 600 units in existing multi-family structures through revision of non-conforming regulations.  
**Target Date:** December, 1992  
**Responsible Party:** City staff
- Program #4 -** The City will continue to maintain the existing zoning (MHE) of mobile home parks in the City.
- Objective:** Preserve the existing 866 mobile homes in the City.  
**Target Date:** Ongoing  
**Responsible Party:** City Staff and City Council
- Program #5 -** The City will adopt program policies that address the treatment of illegal units in the City. Among other things, the adopted policies will define illegal units, rights of existing tenants, property owner responsibilities and abatement procedures.
- Objective:** Adoption of Illegal Unit Program Policies  
**Target Date:** 1992-93  
**Responsible Party:** City Staff
- Program #6 -** The City will continue to support the provision of weatherization and energy conservation programs through private and public groups, such as Pacific Gas and Electric and County of Santa Cruz sponsored programs.
- Target Date:** Ongoing  
**Responsible Party:** Pacific Gas and Electric, County of Santa Cruz or other similar agencies





### Goal #2: Preserve and Encourage Affordability of Housing

**Program #7 -** The City will continue to implement the Rent Stabilization Ordinance Program for mobile home parks.

**Objective:** Preservation of affordable mobile home units.

**Target Date:** Ongoing

**Responsible Party:** City staff and City Council

**Program #8-** The City will assist mobile home park residents, whenever possible, in the conversion of their park to cooperative ownership. If available, financial assistance will be provided by the City to mobile home park residents to assist them in purchasing ownership shares in the park.

**Target Date:** Ongoing

**Responsible Party:** City Staff

**Funding:** Redevelopment Housing Set-Aside Funds

**Program #9-** The City will develop a program designed to assist "First Time Homebuyers." The program will provide funds for downpayment assistance to low and moderate income households for the purchase of their first home. It is expected that the type of unit eligible for purchase will be existing housing units which are in the price range affordable to low and moderate income households.

**Objective:** 5-10 households annually

**Target Date:** 1992-93

**Responsible Party:** City staff

**Funding:** Redevelopment Housing Set Aside Funds



- Program #10 -** When implemented, the City's Housing Rehabilitation Program will insure that housing units remain affordable after rehabilitation is completed. Of special consideration will be the after-rehabilitation affordability of rental units.  
**Objective:** 5 Units Rehabilitated Annually  
**Target Date:** In conjunction with Program #1  
**Responsible Party:** City Staff
- Program #11 -** The City will continue to support the provision of the Mortgage Credit Certificate (MCC) program or similar programs that assist homebuyers in purchasing their homes. It is expected that the type of unit eligible for purchase in this program will be existing housing units which are in the price range affordable to low and moderate income households.  
  
**Objective:** 10 Households Assisted Annually  
**Target Date:** Ongoing  
**Responsible Party:** Santa Cruz County Housing Authority  
or similar agency
- Program #12 -** The City will continue to monitor and regulate the conversion of existing housing units to short term vacation rental properties.  
  
**Target Date:** Ongoing  
**Responsible Party:** City of Capitola
- Program #13 -** The City will develop guidelines for the use of Redevelopment Housing Set-Aside funds. The funds will assist low and moderate income households and the housing provided shall be affordable for the time requirements as specified in Redevelopment law. The funds shall be equally distributed between assistance for low income and for moderate income. The City will utilize Redevelopment Funds to provide at least 17 units of new housing affordable to senior and family very low income households.  
  
**Objective:** 17 Units Constructed at Wharf Road Site  
**Target Date:** 1992-96  
**Responsible Party:** City Staff  
**Funding:** Redevelopment Housing Set-Aside Funds





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## HOUSING ELEMENT

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- Program #14-** The City will support the continued provision of existing affordable housing opportunities. The City will monitor the status of the "Pines" project (as described on pages 35-36 of this document) regarding the renewal of Section 8 assistance. If requested, the City will assist the Silvercrest Development in continuing their efforts to convert the existing apartment complex to units affordable to lower income households.  
**Objective:** Preservation of Existing Affordable Housing Units  
**Target Date:** 1992-96  
**Responsible Party:** City Staff, Salvation Army (Silvercrest)

### Goal #3: Encourage a Variety of Housing Type and Prices

- Program #15 -** The City will develop a "Second Unit Ordinance." This Ordinance will identify location, size, and appropriate conditions for the development of secondary units.  
  
**Objective:** 30 Units (6 units annually)  
**Target Date:** Ordinance Adoption: Winter, 1992- Spring, 1993  
**Responsible Party:** City Staff
- Program #16 -** The City will continue to encourage both residential and commercial uses in appropriate districts, such as the "CR," "CN," and Village Overlay zones.  
  
**Target Date:** Ongoing  
**Responsible Party:** City Staff and City Council
- Program #17 -** The City will adopt the new zoning category of RM-HH to provide for higher density zoning (up to 30 units per acre) and will initiate re-zonings or re-classification of parcels for higher density residential use in order to provide sufficient land for 253 units. Parcels to be proposed for rezoning are discussed in more detail on pages 63-68 of this Housing Element. In addition, it is estimated that approximately 55 units could be added, under existing zoning, on small lot parcels (see page 40 of this Housing Element for further explanation).  
  
**Objective:** (1) Sufficient land rezoned to accommodate 253 new units, and (2) 55 units on "Small Lot Replacements."  
**Target Date:** Parcels Rezoned: 1992-93  
**Responsible Party:** City Planning Department, City Council



### Goal #4: Special Need Households

**Program #18 -** The City will continue to encourage and financially support, when feasible, programs that provide for shared housing opportunities. These type of programs are especially appropriate for elderly households.

**Target Date:** Ongoing

**Responsible Party:** Senior Shared Housing Network Program

**Program #19 -** The City will encourage modifications/construction of housing and neighborhood improvements (i.e. sidewalks, street crossing and curb cuts) that are accessible to individuals that are physically challenged.

**Target Date:** Ongoing

**Responsible Party:** City Staff

**Program #20 -** The City will continue to cooperate with other jurisdictions and agencies in the County that are providing services to homeless households. The City will manage the tasks assigned to Capitola in the "Coordinated Countywide Effort to Assist the Homeless," as adopted by the City in November, 1991, including the identification of potential sites for transitional housing.

**Objective:** Participate in countywide effort to manage the co-ordinated delivery of services for homeless households; including funding to assist with case management services and investigating potential sites and resources for transitional housing.

**Target Date:** 1992-96

**Responsible Party:** City Staff

**Program #21 -** The City will continue to utilize the services of the Santa Cruz County Housing Authority to provide fair housing information and counseling. The City will post notices and flyers regarding the availability of this service at locations that are convenient and centrally located, such as the post office, kiosks in the Village area and in the Capitola Mall, the Jade Street Community Center and at City Hall.

**Target Date:** 1991 and continuing

**Responsible Party:** City Staff





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**Illustration # 24: Summary Table of Housing Programs, 1992-96**

Objectives:	Housing Programs To Address Objectives:
<p><u>New Construction:</u>  <b>88 Very Low Income Units</b></p>           <p><b>248 Above Moderate Income Units:</b></p>	<p>Program #13: <b>17</b> units constructed on Wharf Road Site  Program #17: <b>71</b> unit potential on properties zoned for high density multi-family residential use</p> <p><i>Accessory Programs:</i>  Program #9: First Time Homebuyers Program  Program #11: Mortgage Credit Certificate Program  Program #13: Use of Redevelopment Funds</p> <p>Program #15: <b>30</b> unit potential for "Second Units"  Program #17: <b>165</b> unit potential on properties zoned for low, moderate and high density housing and <b>55</b> unit potential for "small lot replacement"</p>
<p><u>Rehabilitation:</u>  <b>12 Very Low Income</b>  <b>13 Low Income</b></p>     <p><b>125 Moderate and Above Income</b></p>	<p>Program #1: 25 units rehabilitated through publicly funded housing rehabilitation</p> <p>Program #1: 125 units rehabilitation through privately funded efforts</p> <p><i>Accessory Programs:</i>  Program #5: Illegal Unit Abatement  Program # 6: Weatherization Program  Program #10: Housing Rehabilitation Affordability</p>
<p><u>Preservation/Conservation of Units:</u>  <b>12 Units Very Low Income</b>  (Grace Street)  <b>191 Units Low Income</b>  (Silvercrest, The Pines, and Cliffwood Heights Neighborhood Manor)</p>     <p><b>1,272 Rental Units</b></p>  <p><b>866 Mobile Homes</b></p>	<p>Program #14: Preserve existing affordable housing opportunities.</p>           <p>Program #2: Condominium Conversion Ordinance  Program #3: Revision of non-conforming regulations  Program #4: Maintain existing mobile home park zoning</p> <p><i>Accessory Programs:</i>  Program #7: Rent Stabilization Ordinance  Program #8: Mobile Home Park Conversions  Program #12: Vacation Rental Conversions</p>



*Supplemental Information:*

**Pages 63-68:** Description of Vacant/Underdeveloped  
Parcels in City, Information Summarized by  
Existing Land Use/Zoning and Proposed  
Re-classification/Re-Zoning

**Page 69:** Citizen Participation

**Page 70:** Proposed Policy for Illegal Units (1992)





**Illustration #25: Inventory of Vacant/Underdeveloped Parcels  
Existing Zoning Designations (February, 1992)  
City of Capitola**

<i>Parcel Number</i>	<i>Address</i>	<i>Zoning</i>	<i>Sq. Footage</i>	<i>Potential Residential Units</i>
<b>Residential Zoned:</b>				
1.	34-412-12 2242 Albert Lane	R-1	5,000	1 unit
2.	34-412-19 2236 Albert Lane	R-1	5,000	1 unit
3.	34-412-32 2206 Albert Lane	R-1	5,000	1 unit
4.	34-412-41 3518 Deanes Lane	R-1	5,000	1 unit
5.	34-412-55 2040 Edmund Lane	R-1	5,000	1 unit
6.	34-412-56 2052 Edmund Lane	R-1	5,000	1 unit
7.	34-412-57 2064 Edmund Lane	R-1	5,000	1 unit
8.	34-412-58 2076 Edmund Lane	R-1	5,000	1 unit
9.	34-260-50 -- Gross Road	R-1	5,000	1 unit
10.	34-282-07 3606 Capitola Road	R-1	27,011	5 units
11.	34-282-06 3610 Capitola Road	R-1	26,600	5 units
12.	34-281-29 1625 Thompson Ave.	R-1	5,000	1 unit
13.	34-281-27 3120 Capitola Road	R-1	20,160	4 units
14.	34-201-21 4148 Clares St.	R-1	10,000	2 units
15.	34-201-22 4160 Clares St.	R-1	10,000	2 units
16.	34-201-23 4170 Clares St.	R-1	10,000	2 units
17.	34-122-22 44th Avenue	R-1	5,000	1 unit
18.	34-063-04 4590 Topaz St.	R-1	5,000	1 unit
19.	34-041-23 1600 49th Avenue	R-1	10,000	2 units
20.	35-081-15 514 Sunset Drive	R-1	5,000	1 unit
21.	34-222-11 -- Clares Street	RM-LM	30,828	7 units
22.	34-201-33 1911 42nd Ave.	RM-M	28,320	10 units
23.	34-182-01 Brommer and 38th	RM-M	18,900	6 units

*Parcels which are shaded above were evaluated for potential higher density residential uses. Please see discussion beginning on page 61 which discusses each parcel individually.*



Parcel Number		Address	Zoning	Sq. Footage	Potential Residential Units
<b>Commercial/Residential Mix:</b>					
24.	34-181-09,15,16	3770 Capitola Road	C-N	1.5 acres	10 units
25.	34-164-01	-- Alameda Avenue	C-C	15,150	0 units
26.	34-022-18	4755 Capitola Road	C-R	5,000	2 units
27.	34-022-19	4725 Capitola Road	C-R	5,000	2 units
28.	34-041-07	4980 Capitola Road	C-R	5,000	2 units
29.	35-092-06	603 Burlingame Ave.	C-N	1 acre	4 units
30.	35-092-08	608 Capitola Ave.	C-N	1 acre	2 units
31.	35-011-03	-- Capitola Ave.	C-N	1 acre	1 unit
32.	35-020-30	835 Bay Avenue	C-C	5 acres	0
33.	34-091-06	1080 41st Ave.	C-C	73,830	0
34.	34-282-05	3600 Capitola Road	C-N	15,800	0
35.	34-282-04	3640 Capitola Road	C-N	52,175	0

**Public Use:**

36.	34-260-22	Clares Street	P-F	1 acre	0
37.	34-101-17	4150 Jade St.	P-F	1 acre	0
38.	34-240-06	2005 Wharf Road	P-F	5 acres	0

**Industrial:**

39.	36-040-28,22 and 36-030-16	-- Kennedy Drive	Ind.	2 acres	0
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**Special:**

40.	36-142-15,20,13,14,15,16 and 17	El Salto Resort	A-R/VS/R-1		5 units (visitor serving)
41.	36-160-11	Grove Lane	OS	2 acres	0

**TOTAL RESIDENTIAL UNITS AT EXISTING ZONING:**

**81 PERMANENT UNITS**

**5 VISITOR SERVING UNITS**

*Parcels which are shaded above were evaluated for potential higher density residential uses. Please see discussion beginning on page 65 which discusses each parcel individually.*





**Parcels Which Have Potential for Rezoning**  
(These parcels are shaded in the tables on the previous two pages):

**City of Capitola Zoning Categories:**

<b>R-1</b>	<b>Single Family Residential (Maximum of 8.5 units per acre)</b>
<b>RM</b>	<b>Multiple Family Residential</b>
<b>RM-LM</b>	<b>Maximum of 9-10 units/acre</b>
<b>RM-M</b>	<b>Maximum of 15 units/acre</b>
<b>RM-H</b>	<b>Maximum of 20 units/acre</b>
<b>RM-HH</b>	<b>Maximum of 30 units/acre</b> <i>(proposed new zoning category)</i>

**#10 and 11.** 3606 and 3610 Capitola Road

These parcels are proposed to be re-zoned to the higher density category of RM-HH (up to 30 units per acre). If re-zoned, these parcels could accommodate 41 units rather than the 10 units at the existing zoning.

**#14, 15 and 16.** 4148, 4160 and 4170 Clares St.

These parcels are proposed to be re-zoned to RM-M (up to 15 units per acre). The re-zoning is proposed at RM-M rather than RM-H because most of the parcels surrounding these three parcels are zoned residential, single-family and RM-M zoning, therefore, would be more compatible with the adjacent land uses.

**#21.** --- Clares Street

This parcel could be re-zoned to RM-M in order to be compatible with the surrounding proposed residential land uses.

**#23.** Brommer and 38th Street

This parcel could be re-zoned to RM-HH to provide 13 units.

**#25.--** Alameda Avenue

This parcel could be re-zoned to RM-HH and provide up to 12 units.

**#32.** 835 Bay Avenue

This 5 acre parcel is located between the Nob Hill Commercial Shopping area and Highway One. There is cur-



rently an application pending for a health care facility on the property. It is prime commercial land and is not considered appropriate for residential uses.

**#33. 1080 41st Avenue**

This parcel currently (1992) provides on-site parking for the gym and spa located on the adjacent site. The parcel, if re-zoned to RM-HH, could provide 49 residential units.

**#34 and 35. 3600 and 3640 Capitola Road**

These parcels, if rezoned to RM-HH, could accommodate up to 50 units. One of the parcels currently (1992) has a dog kennel on the property.

**#36. -- Clares Street**

This triangular shape parcel is approximately one acre in size and is adjacent to the Capitola Mall area. It was conveyed to the City by the private developer to be used for a public facility. It is not considered appropriate for residential uses.

**#37. 4150 Jade Street**

This parcel currently has an application pending for the construction of a new fire station.

**#38. 2005 Wharf Road**

This parcel is owned by the City and is planned to have a new library, child care facility, park and 17 affordable residential units constructed on the property. Portions of the property will be re-zoned to accommodate the 17 new affordable residential units.

**#39. Kennedy Drive**

There are several vacant parcels in the Kennedy Drive area. This is the only area of the City zoned for industrial use and, therefore, these parcels are not considered appropriate for re-zoning to residential use.

**#41: Grove Lane**

This 2 acre parcel has been formally designated as a Habitat area for the Monarch Butterfly and is not available for residential use.





**Illustration #26: Inventory of Vacant/Underdeveloped Parcels  
Potential Residential Units if Parcels Rezoned  
(Parcels Proposed to be Rezoned in Bold Type)**

<i>Parcel Number</i>	<i>Address</i>	<i>Zoning (Proposed)</i>	<i>Sq. Footage</i>	<i>Potential Residential Units</i>
<b>Residential Zoned:</b>				
1.	34-412-12 2242 Albert Lane	R-1	5,000	1 unit
2.	34-412-19 2236 Albert Lane	R-1	5,000	1 unit
3.	34-412-32 2206 Albert Lane	R-1	5,000	1 unit
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5.	34-412-55 2040 Edmund Lane	R-1	5,000	1 unit
6.	34-412-56 2052 Edmund Lane	R-1	5,000	1 unit
7.	34-412-57 2064 Edmund Lane	R-1	5,000	1 unit
8.	34-412-58 2076 Edmund Lane	R-1	5,000	1 unit
9.	34-260-50 -- Gross Road	R-1	5,000	1 unit
10.	<b>34-282-07 3606 Capitola Road</b>	<b>RM-HH</b>	<b>27,011</b>	<b>21 units</b>
11.	<b>34-282-06 3610 Capitola Road</b>	<b>RM-HH</b>	<b>26,600</b>	<b>20 units</b>
12.	34-281-29 1625 Thompson Ave.	R-1	5,000	1 unit
13.	34-281-27 3120 Capitola Road	R-1	20,160	4 units
14.	<b>34-201-21 4148 Clares St.</b>	<b>RM-M</b>	<b>10,000</b>	<b>3 units</b>
15.	<b>34-201-22 4160 Clares St.</b>	<b>RM-M</b>	<b>10,000</b>	<b>3 units</b>
16.	<b>34-201-23 4170 Clares St.</b>	<b>RM-M</b>	<b>10,000</b>	<b>3 units</b>
17.	34-122-22 44th Avenue	R-1	5,000	1 unit
18.	34-063-04 4590 Topaz St.	R-1	5,000	1 unit
19.	34-041-23 1600 49th Avenue	R-1	10,000	2 units
20.	35-081-15 514 Sunset Drive	R-1	5,000	1 unit
21.	<b>34-222-11 --- Clares Street</b>	<b>RM-M</b>	<b>30,828</b>	<b>10 units</b>
22.	34-201-33 1911 42nd Ave.	RM-M	28,320	10 units
23.	<b>34-182-01 Brommer and 38th</b>	<b>RM-HH</b>	<b>18,900</b>	<b>13 units</b>



Parcel Number		Address	Zoning	Sq. Footage	Potential Residential Units
Commercial/Residential Mix:					
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25.	<b>34-164-01</b>	<b>-- Alameda Avenue</b>	<b>RM-HH</b>	<b>15,150</b>	<b>12 units</b>
26.	34-022-18	4755 Capitola Road	C-R	5,000	2 units
27.	34-022-19	4725 Capitola Road	C-R	5,000	2 units
28.	34-041-07	4980 Capitola Road	C-R	5,000	2 units
29.	35-092-06	603 Burlingame Ave.	C-N	1 acre	4 units
30.	35-092-08	608 Capitola Ave.	C-N	1 acre	2 units
31.	35-011-03	-- Capitola Ave.	C-N	1 acre	1 unit
32.	35-020-30	835 Bay Avenue	C-C	5 acres	0
33.	<b>34-091-06</b>	<b>1080 41st Ave.</b>	<b>RM-HH</b>	<b>73,830</b>	<b>49 units</b>
34.	<b>34-282-05</b>	<b>3600 Capitola Road</b>	<b>RM-HH</b>	<b>15,800</b>	<b>12 units</b>
35.	<b>34-282-04</b>	<b>3640 Capitola Road</b>	<b>RM-HH</b>	<b>52,175</b>	<b>38 units</b>

**Public Use:**

36.	34-260-22	Clares Street	P-F	1 acre	0
37.	34-101-17	4150 Jade St.	P-F	1 acre	0
38.	<b>34-240-06</b>	<b>2005 Wharf Road</b>	<b>P-F/RM</b>	<b>5 acres</b>	<b>17 units</b>

**Industrial:**

39.	36-040-28,22 and 36-030-16	-- Kennedy Drive	Ind.	2 acres	0
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**Special:**

40.	36-142-15,20,13,14,15,16 and 17	El Salto Resort	A-R/VS/R-1		5 units (visitor serving)
41.	36-160-11	Grove Lane	OS	2 acres	0

**TOTAL RESIDENTIAL UNITS AT PROPOSED REZONING:**

**253 PERMANENT UNITS  
5 VISITOR SERVING  
UNITS**





## Citizen Participation and General Plan Consistency

As noted earlier in this document, the 1992 Housing Element is an update based on the 1989 Housing Element, which was adopted in September, 1989. The 1989 Housing Element was revised in conjunction with the update of the City's General Plan. As part of that process, a citizens committee was appointed by the City Council and held approximately 19 meetings from April, 1988 through June, 1989. During three of those meetings, the committee reviewed and discussed the Housing Element. There was significant discussion by the committee, the Planning Commission and the City Council in regard to the goals, policies and programs to be included in the Housing Element. The 1989 Housing Element, therefore, represented a thorough community analysis and discussion of housing needs and program to address those needs. The 1992 Housing Element reflects the policy decisions and goals as expressed by the public participation during the 1989 Housing Element and General Plan Update.

In order to facilitate additional public review of the 1992 Housing Element, copies of the draft and final document will be made available for public review and comment for a 30 day period at City Hall. In addition, the public will be asked to comment on the draft and final document at public hearings prior to its adoption at both the Planning Commission and City Council. Notices regarding the public hearings will be posted at City Hall, the Jade Street Community Center, the post office and applicable social service agencies such as the Santa Cruz County Housing Authority.





## **Proposed Policy for Illegal Units (Summer, 1992)**

### *Purpose:*

The purpose of the City's program to abate illegal units is to insure that the living conditions in the City of Capitola are safe and sanitary and do not impact unfairly on adjacent residents.

### *Policy:*

It is the policy of the Planning Department and Building Department of the City of Capitola to respond to any complaint regarding the use or construction of illegal units within the City. When illegal units are located, the City shall give notice to the property owner that they have 90 days to remove the units. During the ninety day period, it is the responsibility of the property owner to relocate the displaced tenants into comparable housing paying for all expenses associated with the move including, but not limited to, deposits required for the new unit and utilities, and the equivalent rent equal to one month's rent on the illegal unit and the return of any deposits paid by the tenant and held by the landlord. Failure to relocate an existing tenant will result in payment to the tenant of an amount equivalent to three months rent paid by the tenant and the return of all deposits. The landlord shall pay a fee of \$500 to the City to cover the cost of the abatement proceedings.

If a property owner can demonstrate that the illegal unit has been in existence for 20 years or longer and the unit meets all basic health and safety standards, the unit will be allowed to continue.

Property owners may also apply to the City of Capitola to have the illegal unit converted into a legal second unit under the City's Second Unit Ordinance as long as the property meets all of the Second Unit Ordinance requirements. The City will not require the abatement of the unit, unless it is determined by the Building Official to be unsafe, while the property owner is in the permit process for the Second Unit permit.





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